

# SOCIALISM IN THE SOVIET UNION

by Jonathan Aurthur

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# *SOCIALISM IN THE SOVIET UNION*

by Jonathan Aurthur

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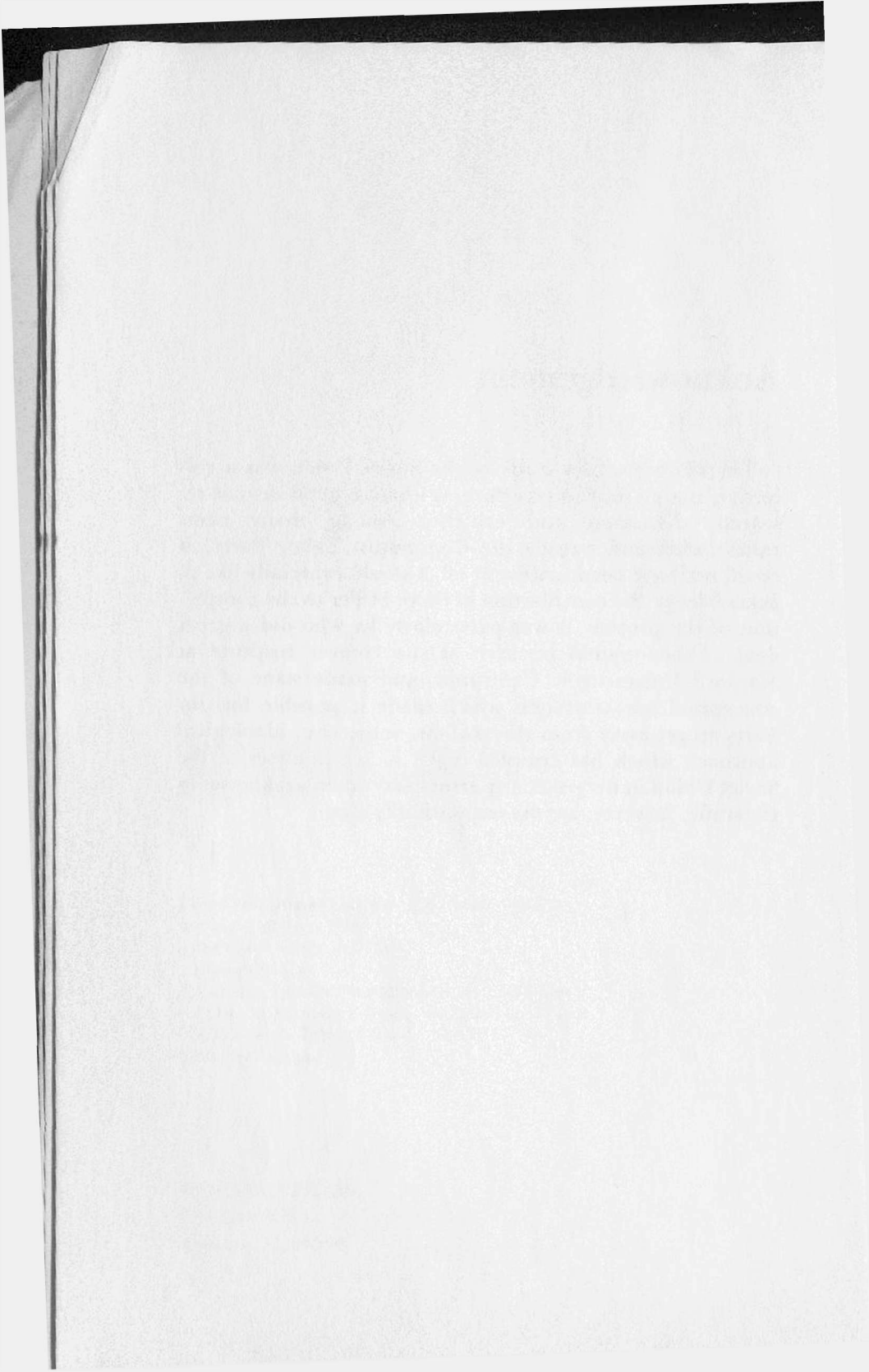
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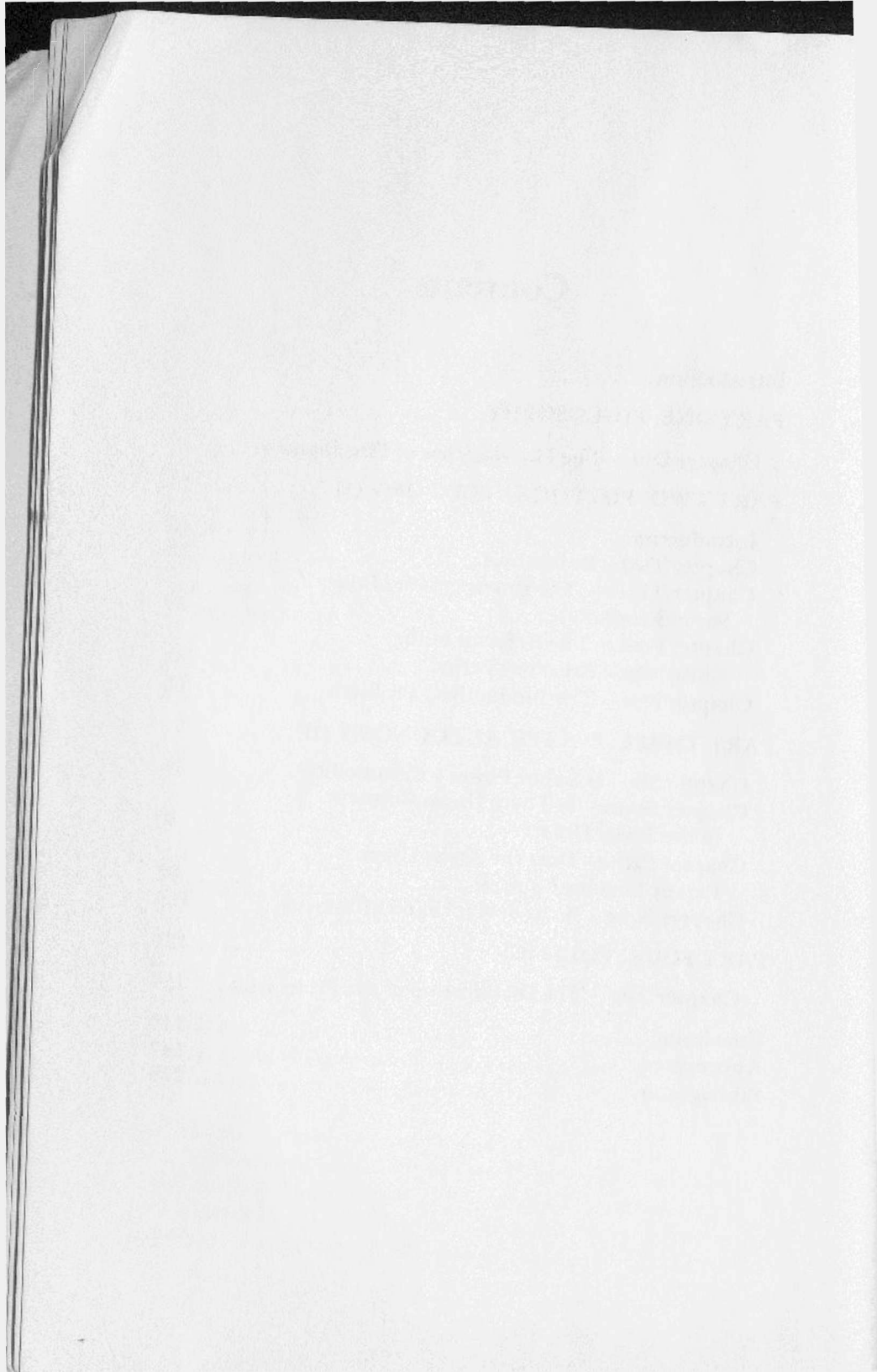
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## Introduction

Why a book on the political economy of the Soviet Union, written by an American for Americans?

The reader might well express impatience, on the very legitimate grounds that Marxists in the United States know little enough about their own country, so why meddle in the affairs of another? Or on the equally legitimate grounds that truckloads of books on the Soviet economy have already been written, all assuming, whatever their bias, that it is a socialist economy, so why bother?

Unfortunately, what once was clear, is no longer. A small but vociferous wing of the world communist movement has re-opened the question of the nature of the Soviet Union, whether it is socialist or something else. Led by the nationalist element of the Chinese Community Party, this wing claims that the USSR has been turned from a socialist into a capitalist—and not only a capitalist, but an imperialist—power, which is the main danger to world peace, worse even than US imperialism. Those who hold this point of view are openly trying to ally with the United States in a war against Soviet “revisionism” and “social imperialism,” otherwise termed “communism” by the more traditional anti-Soviets, the Reagans, Schlesingers, Carters, Brzezinskis and Company.

It is only in the last ten years that the theory of capitalism having been restored in the Soviet Union has developed and gained a certain legitimacy in the international working class movement. Before then this theory, in a slightly different form (according to which the Soviet Union never was

socialist and progressive, but always "state capitalist"), was looked upon by every honest revolutionary and democrat as nothing but the discredited stock in trade of that bagman of William Randolph Hearst and Adolph Hitler, Mr. Leon Trotsky.<sup>1</sup>

How did such a theory, so long regarded with contempt, gain enough importance even to be worthy of, much less demand, refutation?

To answer this one must understand the recent history of the international communist movement. Its key feature in the last twenty years has been the Sino-Soviet split, and the disintegration of its former unity of action under the leadership of the Third (Communist) International. The split originally took the form of the polemics of the late 1950's and early 1960's, polemics which dealt theoretically with every key question of Leninism: the doctrine of the dictatorship of the proletariat, the possibility or impossibility of "peaceful transition" from capitalism to socialism, the meaning of peaceful coexistence, the attitude of the socialist camp toward the national liberation movements, etc. In these great theoretical battles two forces stood out as the champions of Marxism-Leninism against modern, Khrush-

1. It is beyond my intention here to give an exhaustive account of the origin of the theory of capitalist restoration. That Trotsky, with his concept of the Thermidor, is its father is unquestionable. (See Brinton, Crane, *The Anatomy of a Revolution*, Prentice-Hall, Inc., NY, 1938, 1952.) One of Trotsky's political progeny, the Yugoslav Milovan Djilas, anticipates the restorationists by ten years when he writes the following about the Soviet leadership from Stalin on:

"It is the bureaucracy which formally uses, administers, and controls both nationalized and socialized property as well as the entire life of society. The role of the bureaucracy in society, i.e., monopolistic administration and control of national income and national goods, consigns it to a special privileged position. Social relations resemble state capitalism. The more so, because the carrying out of industrialization is effected not with the help of capitalists but with the help of the state machine. In fact, this privileged class performs that function, using the state machine as a cover and as an instrument.

"Ownership is nothing other than the right of profit and control. If one defines class benefits by this right, the Communist states have seen, in the final analysis, the origin of a new form of ownership or of a new ruling and exploited class." (*The New Class*, Praeger Publ., New York and Washington, 1957, p. 35)



chovite revisionism. They were the Party of Labor of Albania and the Communist Party of China. Their outstanding and courageous exposure of Khrushchov's "de-Stalinization" campaign, which really meant tearing the revolutionary guts out of Marxism, is an inviolable part of the world proletarian revolution, and nothing can detract from it.

However, with the intensification of the split, a trend developed which seemed to be a logical extension of the correct theoretical positions put forth by the Chinese and Albanian communists. But only seemed. In fact it was the result of an apparently logical but really wrong deduction from the Marxist critique of Khrushchov. The deduction said, Khrushchov and Company are revisionists. Their revisionism, being a bourgeois current within Marxism, has served to change their country into a "revisionist," that is, bourgeois, or capitalist country. Therefore, they have restored capitalism and all its modern-day features—militarism, fascism, etc.—in the Soviet Union.

It was the immense and fully justified prestige of the Communist Party of China that lent weight to this theory of capitalist restoration. But we have learned through bitter experience to accept nothing on faith. Nothing is pure. Within the leadership of the Chinese party there were and are people who used correct principles to develop an incorrect, nationalist, self-interested policy of anti-Sovietism and its corollary, alliance with US imperialism.

It took some time for anyone to be able to sort out what was right from what was wrong with the Chinese and Albanian analysis of what had happened in the Soviet Union. What is wrong is the theory of capitalist restoration, the idea that Khrushchov's ideas could determine the social development of an entire country.

The tacit identification of entire countries and social systems with ideologies has never been sufficiently questioned, and needs a great deal of examination. The road of ideology, seeing the world as a reflection of our thinking, and not the other way around, is fraught with grave danger.

Of all the revolutionary groupings in the United States of North America, only the Communist Labor Party has been

able to look objectively at the crisis in the world communist movement, of which the Sino-Soviet split is the main manifestation. Having separated ourselves from the Communist Party, USA, we were able to avoid its unthinking subservience to whoever happened to be leading the Communist Party of the Soviet Union, and thus could appreciate the positive contributions of the Chinese and Albanian parties to the defense of Marxism. On the other hand, since we did not come out of the New Left, with its anti-Soviet mentality, we did not go to the opposite extreme of rapturous idolatry of anything Chinese. Even before we examined the question of the Soviet Union closely, we could not swallow the notion, basic to the theory of capitalist restoration, that the Soviet people who had shed their blood for fifty years in two world wars and three revolutions to build socialism and destroy Hitler fascism had then meekly surrendered all their gains to a small clique of third-rate bureaucrats.

Six years ago the old Communist League, one of the precursors of the CLP, threw down the gauntlet to the "ideologists" when it published in its theoretical journal a critique of the fashionable pamphlet by N. Sanmugathan, head of the Communist Party of Sri-Lanka (then Ceylon), entitled *The Bright Red Banner of Mao Tse-tung Thought*.<sup>2</sup> It was exposed for what it was, an attempt to isolate Mao Tse-tung from Marxism-Leninism by setting him up as God. A year later it became clear that Sanmugathan was merely fronting for Lin Piao. After additional study one of the leading comrades of the newly formed CLP, in the Fall of 1974, published a continuation of the critique of what we called "Lin Piaoism," the idealist deviation which says that all I have to do is think something hard enough and it will come about.<sup>3</sup>

Since then, our Party has carried on a serious study of the question of Lin Piaoism and its relation to the theory, long accepted by many revolutionaries, that the Soviet Union had

2. Sanmugathan, N., *The Bright Red Banner of Mao Tse-tung Thought*, A Communist Party Publication, Colombo, Ceylon.

3. T.S., "China's Revolution is the Continuation of the Great October Revolution—A Refutation of Lin Piao," *PROLETARIAT*, Communist Labor Party, vol. 1, no. 1, Winter, 1974-5, Chicago, 1974.

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"degenerated" into an imperialist super-power.

On the basis of this study, which the following book will summarize, we have concluded that capitalism has not been, and cannot be, restored in the Soviet Union or any other socialist country.

The existence and permanence of socialism in the USSR is not simply, or even mainly, of theoretical interest. It is of very practical importance. We need only look around us to see that there is rapidly developing and consolidating a motley alliance of every reactionary, right-winger, CIA thug, torturer, degenerate, fool and knave from Ronald Reagan to Edward Heath to Jimmy Carter to Sun Myong Moon to Alexander Solzhenitsyn to Teng Hisao-ping to Henry Jackson to ex-Marshall Ky—an alliance to "unite all who can be united," including the United States and China, against the Soviet Union. We know from our history books that such an alliance has been built twice before, in 1918 and 1941, and had only one purpose—to destroy socialism with fascist terror. War. Fascist war. This is its only content, and all the dishonest snivelling in the world about fighting "revisionism" won't change that by an inch or an ounce.

Our Party intends to do everything in our power to break up this alliance, to destroy the theory that "socialism" (China) and "the other superpower" (US imperialism) must ally against the Soviet Union, the so-called "main enemy." This theory, in whatever national guise it presents itself, is nothing but a summer re-run of the Churchill-Hoover-Hitler *cordon sanitaire* dubbed with left phrasemongering and a CIA laugh track.

Today the international proletarian revolution is in a very critical and contradictory phase of its development. On the one hand things have never been better. Victory follows victory, from Viet Nam to Angola to Cambodia. But the effort is not united. Forces hostile to communism within communism have succeeded in temporarily disorienting the movement and releasing nationalist tendencies; eclipsed for the moment is the basic common interest of the proletariat and its allies, who in truth "have no fatherland." "Polycentrism" seems to be the wave of the future. Everybody is out for Number One, and to hell with proletarian internationalism. World reaction solemnly declares communism



on the way out as a system of theory and practice.

This is of course a very dangerous situation because it allows imperialism—which has needlessly to say done everything possible to foment and nurture this disunity—to maneuver among the opposing forces in the socialist countries and communist parties in the capitalist countries, playing one against the other. Imperialism is using the disunity in the communist movement to consolidate itself for one last attempt to destroy socialism by destroying the most powerful socialist state, the USSR.

One can see, then, that while the objective situation for the world revolutionary movement is indeed excellent, it is threatened by its own internal, subjective weaknesses, its nationalism and disunity.

As revolutionaries we are optimists because we know that the wheel of history is moving ineluctably forward, despite occasional “optical illusions” to the contrary, and that the temporary problems of our movement will be overcome. But we are also realists, and know that unity will not come about automatically, but only through the greatest efforts on all our parts.

We have the forces, we have the will to fight, we have the theoretical method of Marxism, we have history on our side: what we need now, if our movement is to emerge like the phoenix out of the ashes of its present crisis, is theoretical clarity about the issues of the day.

The inquiry that follows, into the political economy of the Soviet Union, is an attempt to bring a small amount of this clarity to one such issue.

I have tried to avoid the type of argument typical of the various theorists of capitalist restoration in the Soviet Union, who “prove” that capitalism has been restored by deciding their conclusion in advance and then picking odd facts to support it. Often they simply lie, as we shall see. Lenin exposes this *souçon* approach for the bourgeois, subjective hypocrisy it is.<sup>4</sup> The only possible way to know something is to examine the totality of facts about it, then to summarize them in generalizations supported by statistics, tables, etc.

4. Lenin, V. I., “Statistics and Sociology,” *Collected Works*, Moscow, 1964, vol. 23, p. 271.

In order to avoid overburdening the text with figures, I have added appendices to support conclusions stated in the text, and a bibliography. I have relied as little as possible on Soviet "ideological" statements about their own economy, and have taken seriously only those conclusions accepted by the skeptical and in no way pro-Soviet US Kremlinologists. The latter have proved invaluable as sources of information. One thing to be learned from studying the Soviet economy is that a well-informed reactionary is often much more reliable than an ignorant "revolutionary."

This inquiry examines the Soviet system from the point of view of the three component parts of Marxism: philosophy, economics and politics. Again I hope to avoid the hit and miss, shotgun approach of those people who pick odd facts out of context to prove anything about anything.

The book will achieve its purpose if it contributes in some way toward polarizing the world communist movement around what is right and what is wrong, not what is Soviet, or Chinese, or Cuban, or some other nationality. The proletariat has no fatherland; neither does the truth. In the spirit of this understanding, and knowing as well that the truth is not some final, crystallized thing, and that our study of events must constantly develop and deepen, we welcome criticisms, responses, suggestions, and additions to this book, which should be looked upon as being quite preliminary in many respects.



PART ONE

*PHILOSOPHY*

Men never relinquish what they have won.

—Karl Marx, Letter to  
P. V. Annenkov, Dec. 28, 1846





## 1

## The Marxist View of Development

What does Marxist philosophy say about the possibility of the restoration of capitalism in a socialist country? We are justified in saying that it denies the possibility that socialism, once it is firmly established, can be changed back into capitalism. Marxist literature takes for granted the irreversibility of the victory of socialism. Stalin, for example, repeatedly refers, after 1936, to the *final* victory of socialism. In 1939 he states,

By 1936, the kulaks had been completely eliminated as a class, and the individual peasants no longer played any important role in the economic life of the country. Trade was entirely concentrated in the hands of the state and the cooperatives. The exploitation of man by man had been abolished *forever*. Public, Socialist ownership of the means of production had been firmly established as the *unshakable* foundation of the new, Socialist system in all branches of economic life. In the new, Socialist society, crises, poverty, unemployment and destitution had disappeared *forever*. The conditions had been created for a prosperous and cultured life for all members of Soviet society.<sup>1</sup>

Stalin is here quite emphatic about the permanence of the victory of socialist transformation. His assurance rests not upon subjectivity, but upon the most profound analysis of social motion. In all of Marxist literature before Stalin there is no discussion of the possibility of capitalist restoration

1. Stalin, Joseph, *History of the CPSU, Short Course*, Proletarian Publishers, San Francisco, 1972 (reprint of the 1939 ed.), p. 343, *emph. added*.

once socialism is established. The nearest we come is Engels' analysis of Eugen Duhring's communes, which are not socialist to begin with.<sup>2</sup> Stalin himself refers to this analysis in *Economic Problems of Socialism in the USSR*,<sup>3</sup> so we know that he was familiar with it.<sup>4</sup> From the standpoint of Marxist philosophy, dialectical and historical materialism, on what is his certainty of the permanence of the victory of socialism based?

Let us begin with history.

Where, in all hitherto existing society, has a slave system degenerated or been turned back by counter-revolution into the mode of production preceding it, primitive communism? Where has feudal society, once established, degenerated or been turned back into slave society? Where has capitalism, once taking root and ousting feudalism as the dominant mode of production, degenerated or been turned back by counter-revolution, in whatever form, into feudalism?

The only cases of this sort of retrogression in history have been the result of the crushing of a more advanced by a less

2. Engels, Frederick, *Herr Eugen Duhring's Revolution in Science (Anti-Duhring)*, International Publ., 1939, pp. 314-17 et seq.

3. Stalin, Joseph, *Economic Problems of Socialism in the USSR*, Peking edition, pp. 95-6.

4. Significantly, Stalin refers to Engels in criticizing the proposal of certain Soviet policy-makers to sell the machine and tractor stations (MTS) to the collective farms. One "restorationist," Martin Nicolaus, claims that Stalin says that this would lead to the regeneration of capitalism because it would make the means of production the private property of the farms. (Cf. *Restoration of Capitalism in the USSR*, Liberator Press, Chicago, 1975, pp. 45-6) But even a cursory reading of what Stalin says will show that Nicolaus is—how can one be diplomatic about this?—*not telling the truth*. Stalin talks about such a sale digging a deeper gulf between collective farm property and public property, and removing the economy further from communism, and retarding the advance of communism, but says nothing about the regeneration or restoration of capitalism. This proves two things. One, that Stalin, even though he understood the irreversibility of the socialization of the economy, was not at all oblivious to the harm wrong policies could do to the development of socialism, and fought against such wrong policies harder than anyone else. Two, that the theorists of restoration cannot come up with a single real theoretical statement in all of classical Marxism to support their theory, and must misquote Stalin in order to do so. Thus they issue themselves a *testamentum pauperatis*.

advanced social order, by war. But history shows that even such cases speak against the proponents of the theory of capitalist restoration. In *Anti-Duhring*, Engels says,

The role played in history by force as contrasted with economic development is now clear. In the first place, all political power is originally based on an economic, social function, and increases in proportion as the members of society, through the dissolution of the primitive community, become transformed into private producers, and thus become more and more separated from the administrators of the general functions of society. Secondly, after the political force has made itself independent in relation to society, and has transformed itself from society's servant into its master, it can work in two different directions. Either it works in the sense and in the direction of the regular economic development, in which case no conflict arises between them, the economic development being accelerated. Or, force works against economic development; in this case, *as a rule, with but few exceptions*, force succumbs to it. These few exceptions are isolated cases of conquest, in which barbarian conquerors have exterminated or driven out the population of a country and have laid waste or allowed to go to ruin productive forces which they did not know how to use. This was what the Christians in Moorish Spain did with the major part of the irrigation works on which the highly developed agriculture and horticulture of the Moors depended. Every conquest by a more barbarian people naturally disturbs the economic development and destroys numerous productive forces. But in the immense majority of cases where the conquest is permanent, the more barbarian conqueror has to adapt himself to the higher "economic order" as it emerges from the conquest; he is assimilated by the vanquished and in most cases has had even to adopt their language.<sup>5</sup>

If Hitler, for example, had succeeded in defeating the Soviet people during World War Two, he would perhaps have been able for a time to restore some semblance of capitalist slavery in its most bestial, fascist form. Likewise, if the US marauders had succeeded in crushing socialism in north Viet Nam. But except for isolated cases of external crushing as opposed to internal, more or less peaceful restoration, where has there been an example of a more advanced mode of production being transformed into a less

5. Engels, *op. cit.*, p. 202, *emph. added.*



advanced? Nowhere. The very idea contradicts the laws of social development, which depend on the development of social production, the development of the productivity of labor.

Now, this does not mean that at certain times the *form* of a society, its superstructure, has not been changed backward; only that its economic *content* never has. A concrete example of the first was France after the defeat of Napoleon in 1815. The Restoration of the Bourbons which followed brought back the outward trappings of feudalism, but not its content, i.e., land tenure, the landed aristocracy, legal constraints upon the rising bourgeoisie, etc. As Marx points out, Louis XVIII himself, the new Bourbon king, was the "political chief" of the new *bourgeois* ruling class, the financial section of the capitalists.<sup>6</sup> In form, the old; in content, the new. The Restoration restored the trappings of the old order, but could not undo what had been done by the French Revolution and its successor, Napoleon. Such is the motion of history, which moves not in cycles but in an upward, although not smooth, spiral. Once a new mode of production has taken hold, counter-revolution can still attempt to force it backward. But it can succeed, if at all, only superficially. Its content is forced, on pain of extinction, to adapt itself to the new, more advanced economic reality, the new mode of production. And why? Because new modes of production (slavery, feudalism, capitalism and socialism) do not come upon or leave the historical scene arbitrarily, accidentally, ideologically, or at the whim of this or that individual or group, but as the result of the development of social production.

If this is true of past social history,<sup>7</sup> is it necessarily true of

6. Marx, Karl, *The Eighteenth Brumaire of Louis Bonaparte*, International Publ., p. 14.

7. The restorationists, again, are forced to bend history to come up with even one example of historical retrogression. Martin Nicolaus must try to make Engels say that the German peasantry in the fifteenth century, suffering a reinstatement of serfdom, went from capitalism back to feudalism. But Engels says nothing of the kind, merely that their lot did not constantly improve, as the bourgeois pollyannas claim. (Nicolaus, *op. cit.*, pp. 180-1) The poverty of the restorationists' examples reflects the poverty of their philosophy.

the present—that is, the period of the advance of society from capitalism to communism? Specifically, is it true of the recent history of the Soviet Union?

It is even more true. And why “more?” Because, one must remember, we are dealing, when we speak of the proletarian socialist revolution, with a very special transformation of society. The socialist revolution, unlike all previous revolutions, develops not only the productivity of labor through further freeing the productive forces, but improves the distribution of the social product in favor of the producers themselves. For the first time in history the working people, the main productive force, are conscious of themselves and their historical role and abilities. In earlier revolutions they always fell under the leadership of the new exploiting class, and were manipulated in the interests of the latter’s battle with the old rulers. But the socialist revolution is the emancipation of the working class by its own efforts. In the course of the revolution the working class becomes conscious of itself and its enemies, it becomes increasingly strong and able to defend its gains against all comers. It is far less likely than before to be manipulated by the moribund forces of society. Further, the people have far more to defend than they did in previous revolutions, because they have seized the wealth of society for themselves, not for someone else. They are working for themselves, and know it. Stalin himself comments on this:

The rise in the standard of welfare and culture of the masses was a reflection of the strength, might and invincibility of our Soviet revolution. Revolutions in the past perished because, while giving the people freedom they were unable to bring about any serious improvement in their material and cultural conditions. Therein lay their chief weakness. Our revolution differs from all other revolutions in that it not only freed the people from tsardom and capitalism, but also brought about a radical improvement in the welfare and cultural conditions of the people. Therein lies its strength and invincibility.<sup>8</sup>

Now it is true that even though he moved with history, Stalin in thirty years was unable, despite superhuman effort, to rid his country of all the remnants of capitalism. Are we

8. *History of the CPSU, op. cit.*, p. 341.

then to believe that his successors, smaller men who do not move with history but who try to impede it, could in ten years rid that same country not of remnants but of an entire system of socialism, to enslave an entire people who had fought three revolutions, two world wars, and had eaten the fruits of socialism for forty and more years? But that is exactly what the theorists of capitalist restoration expect us to believe. Their claims reduce themselves to the worst sort of contempt for the Soviet people, the worst sort of idolatry of capitalism itself as a system in essence superior to socialism and preferable to it.

The development of society in history is a specific form of the movement of matter. Matter does not move and develop arbitrarily or at random, but according to definite laws. Dialectics sums up and generalizes these laws. One of the most basic is the law of development from lower to higher levels. Once something has developed from a lower to a higher quality it cannot change back. This law holds for everything that evolves. Water, for example, can turn into steam, and then steam can turn back into water; that is not evolution. But man cannot turn back into a lower form of animal. A higher quality cannot turn into a lower quality in content, although there may be distortions or even backsliding in form. Inbreeding or some genetic defect might cause the degeneration of a group of human beings, but it will never cause them to turn back into apes.

Dialectics differs fundamentally from all more backward forms of philosophy in its understanding that motion proceeds from the lower to the higher. Dialectics is forward-looking and progressive, as opposed to bourgeois metaphysics, which sees all change as degeneration from the present "best of all possible worlds," capitalism. The bourgeoisie must deny that there is anything better; dialectics, the science of the proletariat, has no need to make such a denial. It is not afraid to look at things as they really are, constantly progressing. Not that the development of nature and society from lower to higher levels is the result of gradual, smooth, harmonious evolution, development in a smooth line slanted upward. Rather, development moves in a jagged upward spiral, complete with backward movements which appear to return to where they started, but which

in reality always end up on a higher level. The understanding again differentiates Marxist dialectics from bourgeois philosophy, which cannot entirely deny motion but instead sees it as going from a starting point in a circle back to that point after a lot of "sound and fury, signifying nothing."

The mechanistic theory of cycles shows a lack of understanding of what the doctrine of synthesis makes so clear, that while we return as it were to the point of departure, we emerge at the same time as the product of enriched development, and at a higher level.<sup>9</sup> Further, development proceeds by spirals. The return to the point of departure is a return in external form, but is distinct because of its enriched content, its internal structure.<sup>10</sup>

Once a new level of development has been achieved, it cannot be set back to the old, lower level, either by "peaceful" transition or violent counter-revolution. Once a baby is born it cannot be stuffed back into the womb. Once socialist society is born out of the womb of the old capitalist society, it cannot be rejoined to its mother. And if the restorationists would accuse us of being too metaphorical, we would remind them that it was Marx, not we, who compared the socialist revolution to childbirth.

But the restorationists do not deny only the law of development of matter from lower to higher stages. They also deny the law of dialectics which states that all things in the world are interconnected, that everything depends, as Stalin says in his famous formulation, on "conditions, time and place." Thus some Albanian theoreticians state that commodity exchange always gives rise to capitalism, and use the existence of commodity exchange in the Soviet Union as proof that this exchange necessitates capitalist development.<sup>11</sup> Suffice it to say now that, if any commodity exchange leads to capitalist development, then capitalism must have developed in Egypt in 2000 BC, in China in 1000 BC, Greece in 400 BC, Rome in 100 AD, etc. There is no doubt that commodity exchange existed in a quite advanced form in all

9. *A Textbook of Marxist Philosophy*, prepared by the Leningrad Institute of Philosophy under the direction of M. Shirokov, publ. in the USSR in 1937, Proletarian Publ. reprint, 1974, p. 384.

10. *Ibid.*, p. 385.

11. Pano, Aristotel, *Albania Today*, No. 4, July-August 1975, p. 44.



these societies. The question is one of the historical environment in which this exchange existed. Similarly under socialism. Marxism teaches that commodity exchange leads to the development of capitalism only under certain definite historical conditions. Just as these did not exist in ancient Egypt, China, Greece and Rome, neither do they exist in the Soviet Union (or any other socialist country) in 1977. We are not intimidated by categories like "commodity exchange" *in general*. As Marxists we examine everything in light of its environment, history, and motion.

The worst shortcoming of the theorists of capitalist restoration is their denial of the fundamental law of dialectics, the law of the unity and struggle of opposites. This denial takes the form of their claiming that the restoration of capitalism in the Soviet Union has taken place peacefully, gradually, by evolutionary means. Theirs is the theory of creeping capitalism, which has just as much validity as the fascists' theory of creeping socialism in the capitalist countries. Again their argument can be reduced to how they see motion and development taking place, peacefully and gradually. Marxism has a different view:

The dialectical method therefore holds that the process of development from the lower to the higher takes place not as a harmonious unfolding of phenomena, but as a disclosure of the contradictions inherent in things and phenomena, as a "struggle" of opposite tendencies which operate on the basis of these contradictions.<sup>12</sup>

Movement from a lower to higher state is not smooth; it takes place in the process of the struggle of the old and new forces operating within the old entity. In class society this struggle takes the form of the destruction of the old by the new, which can occur only when the old and new forces separate, face each other as mutual, antagonistic opponents and fight it out. As the *Textbook of Marxist Philosophy* puts it,

The contradiction of any process is resolved, not by some external force, as think the mechanists, but by the development of the

12. Stalin, Joseph, *Dialectical and Historical Materialism*, in *History of the CPSU, op. cit.*, p. 109.

contradiction itself . . . . Antagonistic contradictions are resolved by the kind of leap in which the internal opposites emerge as relatively independent opposites, external to each other, by a leap that leads to the abolition of the formerly dominant opposite and the establishment of a new contradiction.<sup>13</sup>

In capitalist society the bourgeoisie and proletariat, as the revolution unfolds, separate out and confront each other as antagonistic opposites. There is no question of reconciliation; the proletariat must destroy the bourgeoisie or itself be destroyed as the bourgeoisie drags society down after itself. The destruction of the bourgeoisie as a class signals the winning of the first battle of communism; it is the socialist transformation of society, the abolition of antagonistic classes. New contradictions emerge.

The new contradictions are all based in the previous history of the new society and its transitional nature. The contradiction between the productive forces and the relations of production is no longer antagonistic, but it still exists. The contradiction between manual and mental labor, between town and country, between skilled and unskilled, between good and bad policies, between socialism within the country and international imperialism, and the internal reflection of this antagonism, namely, between the working people and the broken but not destroyed remnants of capitalism and their ideological heirs, the new elite—all exist under socialism and continue to influence social development. The point is, however, that once the new mode of production is established, it marks the end of the old antagonism between the proletariat and the bourgeoisie because there is no more bourgeoisie in the sense of an owning, exploiting class. There is no possibility (after the relatively brief transition period that Lenin speaks of on numerous occasions),<sup>14</sup> of a counter-revolution taking place based on the antagonistic opposites of capital at one pole and labor at the other.

In short, the basic law of dialectics, the unity and struggle of opposites, denies the possibility of "revolution" from

13. *Textbook of Philosophy*, *op. cit.*, p. 174.

14. E.g., Lenin, V. I., "Economics and Politics in the Era of the Dictatorship of the Proletariat," *CW (op. cit.)*, vol. 30, p. 107ff.

socialism to capitalism, since under socialism there is no struggle of antagonistic economic poles.

The truth of this is again borne out if one looks at the history of social development, in which progress has always been made by revolution, i.e., violent confrontation of the old and new classes of society. Where has this happened in the Soviet Union? Wouldn't something about it have appeared in the American press, which, like the theorists of restoration, is constantly on the look-out for something bad to say about Soviet society? Or did a confrontation won by the "Soviet capitalists" take place so quietly that even the CIA missed it or did not find it worth recording? But that is ridiculous. Throughout history the clash of antagonistic classes has always been marked by civil war, violence, and widespread upheaval. The theorists of restoration would have us believe that the laws of history and dialectics have been suspended, or changed, in the present case. But this is understandable. They refer to Soviet "capitalism" as "capitalism of a new type."<sup>15</sup> It makes sense that they should invent a dialectics of a new type to explain it.

Summing up, we are justified in saying that there is neither historical nor philosophical support for the theory that capitalism can be restored in a socialist society.

15. E.g., K.P.D. (M-L) and K.A.D. (M-L), *Die Restauration des Kapitalismus in der Sowjetunion*, Revolutionärer Weg, Probleme des Marxismus-Leninismus, 1971-2, v. 1, pg. 1. This has not been published in English, but is the best statement of the theory of capitalist restoration that I have read.

## PART TWO

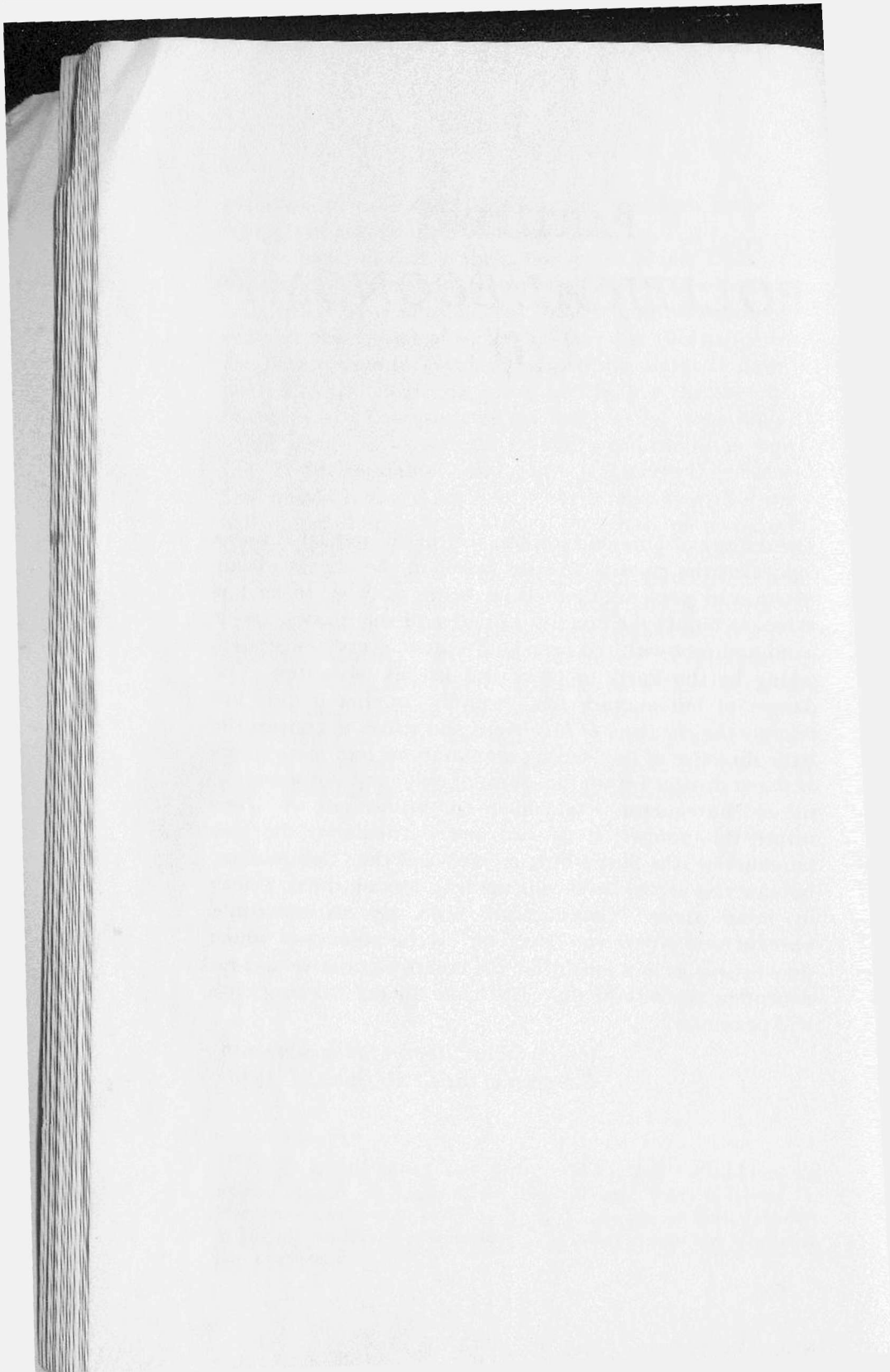
# POLITICAL ECONOMY

### (I)

The danger of bureaucracy lies, first of all, in that it keeps concealed the colossal reserves latent in the depths of our system and prevents them from being utilized, in that it strives to nullify the creative initiative of the masses, ties it hand and foot with red tape and reduces every new undertaking by the Party to petty and useless trivialities. The danger of bureaucracy lies, secondly, in that it does not tolerate *the checking of fulfilment* and strives to convert the basic directive of the leading organizations into mere sheets of paper divorced from life. It is not only, and not so much, the old bureaucrats stranded in our institutions who constitute this danger; it is also, and particularly, the new bureaucrats, the Soviet bureaucrats; and the "Communist" bureaucrats are by no means the least among them. I have in mind those "Communists" who try to substitute bureaucratic orders and "decrees," in the potency of which they believe as in a fetish, for the creative initiative and independent activity of the vast masses of the working class and peasantry.

—Joseph Stalin, *Report to the Sixteenth Congress of the CPSU, June 27, 1930*





## Introduction

The central thesis of the theorists of capitalist restoration in the USSR is the existence of a "new bourgeoisie" arisen out of the inequalities ("bourgeois right") within socialism. These inequalities are hangovers from capitalism (hence the term *bourgeois right*) and are reflected in the slogan, "From each according to his ability, to each according to his work," which means that under socialism, the first and lower phase of communism, not everybody will get an equal share of the social product of labor, but only the equivalent (minus certain necessary deductions) of what he or she put into it.<sup>1</sup>

The existence of this inequality under socialism is indisputable. But the restorationists' conclusion, that it gives rise to capitalism, is not. Philosophically, it is tightly linked to the opinion that capitalism itself is restored gradually through the revisionist ("capitalist-roader") policies of the so-called "new bourgeoisie." The main theoretical justification of this opinion has come to us in the form of two articles written by two former leaders (and until recently among the most prestigious) of the Communist Party of China, Yao Wen-yuan and Chang Chun-Chiao. The latter says, "Politics is the concentrated expression of economics. Whether the ideological and political line is correct or incorrect, and which class holds the leadership, decides which class owns those factories in fact."<sup>2</sup>

1. See Marx, Karl, *Critique of the Gotha Program*, International Publ., NY, 1938, pp. 8-10.

2. Chang Chun-chiao, "On Exercising All-Round Dictatorship Over the Bourgeoisie," FLP, Peking, 1975, p. 10. A comment is necessary on the context within which Chang and Yao are being criticized in this book. The text was completed before the recent *coup* within the leadership of the Communist Party of China and the subsequent purge of the so-called "gang of four," of which Chang and Yao are members. My criticism of their statements about the "new bourgeoisie" etc. are not meant to be

Similarly, speaking of the necessity of "restricting" rather than promoting "bourgeois right," Yao Wen-yuan says,

If we do not act in this way, but instead call for the partial inequality it entails, the inevitable result will be polarization, i.e., in the matter of distribution a small number of people will appropriate increasing amounts of commodities and money through some legal and many illegal ways; stimulated by "material incentives" of this kind, capitalist ideas of making a fortune and craving for personal fame and gain will spread unchecked; phenomena like the turning of public property into private property, speculation, graft and corruption, theft and bribery will increase; the capitalist principle of the exchange of commodities [sic!] will make its way into political and even into Party life, undermining the socialist planned economy; acts of capitalist exploitation such as the conversion of commodities and money into capital, and labor power into a commodity, will occur; changes in the nature of the ownership will take place in certain departments and units which follow the revisionist line; and instances of oppression and exploitation of the laboring people will arise again. As a result, a small number of new bourgeois elements and upstarts who have totally betrayed the proletariat and the laboring people will emerge from among the Party members, workers, well-to-do peasants and personnel of state and other organs.<sup>3</sup>

Characteristic of both these formulations is their equation of what is capitalist or what socialist with "line," or ideology. The "line" of this or that department or unit will determine "the nature of ownership" of it. As another Chinese theorist

taken as agreement, tacit or otherwise, with the outrageous accusations which have been thrown at them by the Hua grouping. The position of the CLP has always been that the main center of counter-revolution within the Chinese Party is the Teng Hsiao-ping group, that is, the antagonists of the "gang of four." It is also our position that Teng and Hua are linked politically. (See particularly *People's Tribune*, vol. 3, no. 23, for the CLP's statement on the *coup*.) Significantly, Hua and Co. have never attacked Chang and Yen's theories on the "new bourgeoisie," capitalist restoration, etc. nor can they, if their policy of alliance with the United States versus the Soviet Union and other aspects of their foreign and domestic policy are to remain justifiable. The main point, however, is that remarks in the text critical of Chang and Yen's positions are in no way meant to signify agreement with the rightist faction which has purged them.

3. Yao Wen-yuan, "On the Social Basis of the Lin Piao Anti-Party Clique," FLP, Peking, 1975, pp. 7-8.

states elsewhere, "If the revisionist line should become predominant in a [mining or industrial] unit, this unit would change its nature, in which case the ownership would be socialist only in form but capitalist in reality."<sup>4</sup>

We are to believe that a new bourgeoisie and proletariat emerge or do not emerge based on whether revisionism does or does not predominate in a given mine, or factory, or whatever. Classes and modes of production become reflections of mental categories, not material relations among people. Under such circumstances, how can one call a country socialist at all? Rather it reduces itself to a giant checkerboard of "units" which are now capitalist, now socialist, depending on which "line" the management carries out. The proponents of this theory go one better than Teng Hsiao-ping, who in 1974 denied the existence of the socialist camp. They deny socialism itself as a coherent economic system.

What does this theory have in common with Marxism? In order to answer this, and to lay a basis for a concrete investigation of Soviet political economy, one must go beyond the subjective notions surrounding these basic questions and fasten upon their essence. First, some basic definitions.

4. Chih Heng, "Conscientiously Study the Theory of the Dictatorship of the Proletariat," *Peking Review* No. 7, 1975, p. 8.



## 2

## Definitions

### *What are Classes?*

"Classes," Lenin writes, "are large groups of people differing from each other by the *place* they occupy in a historically determined system of social production, by their *relation* (in most cases fixed and formulated in law) to the *means of production*, by their role in the social organization and labor, and consequently, by the *dimensions of the share of social wealth* of which they dispose and the mode of acquiring it. Classes are groups of people one of which can appropriate the labor of another owing to the different places they occupy in a definite system of social economy."<sup>1</sup>

Lenin defines classes according to material, objective criteria. He says nothing about their being based on ideology or "line." A class is not a group of people who think or even act alike, but a material, economic entity which can exist only in relation to other material, economic entities. A bourgeoisie can exist only in relation to a proletariat, for there cannot be an exploiting without an exploited class. Further, a class is not primarily a quantitative category. That is, a capitalist is not merely somebody with a lot of money, a worker somebody with a little. The difference in dimensions of social wealth, although an aspect of class differences, is a consequence rather than a cause of those differences. Differences in income, in the ways of earning it and even in social status do not in themselves determine what are classes. Within a given class there are different layers or "strata"

1. Lenin, V. I., "A Great Beginning," Progress Publ., Moscow, p. 14.

some of which may hardly resemble others at all, but which nonetheless are parts of the same class. Let us go into this important question a little more deeply.

### *What are Strata?*

They are groups (or "layers") of people in a society who have certain common social (as opposed to sexual, national, etc.) characteristics which set them apart from other groups, but who do not form a separate class (in the Leninist sense) apart from other classes. For example, the trade union bureaucracy in the United States is a stratum, the upper layer, of the working class. But not all strata are a part of one particular class. Perhaps the best example of one which is not is the intelligentsia, the upper section of the "brain workers" in a society, the doctors, lawyers, teachers, scientists, artists, etc. They do not form a class because they do not occupy a peculiar place in the system of social production. Instead they are members of different classes who may have different relationships to the means of production, but share common characteristics—education, technical skill, etc. The intelligentsia in highly developed capitalist society are usually not capitalists; with the growing monopolization of social wealth by a tiny financial aristocracy, they become more and more polarized, a few becoming capitalists (doctors who own or control hospitals, the heads of rich law firms), the great majority wage laborers, although with a different lifestyle and social status than the industrial or rank and file white collar proletarians.

The intelligentsia as a group have no independent or unique economic existence. Because they are fed by the dominant class they generally act in its interests. This is true both in capitalist and socialist society. In the former, the bulk of the intelligentsia serve as the ideological representatives of the capitalist class, although as the capitalists become less and less able to feed them, a larger and larger section become disaffected and begin gravitating toward the proletariat. Similarly, under socialism, the bulk of the intellectuals serve as the ideological representatives of the new dominant class, the proletariat.

This point is worth emphasizing because it is often ignored or distorted by the restorationists. They place a large share of the responsibility for capitalist restoration on the intelligentsia or even the more advanced strata of the working class *under socialism*. They claim that because these people have certain characteristics which set them apart from the mass of workers and peasants, they change, or try to change, their social position from one of harmony with the rest of the working people to one of antagonism. Therein, according to these theorists, lies the basis of the "new bourgeoisie."

Stalin in his speech to the Eighteenth Congress of the Communist Party of the Soviet Union (1939) treats this theory with contempt. After detailing how under socialism a new intelligentsia is born and raised in the bosom of the working class, he says,

It is therefore all the more astonishing and strange that after all these fundamental changes in the status of the intelligentsia people should be found within our Party who attempt to apply the old theory, which was directed against the bourgeois intelligentsia, to our new, Soviet intelligentsia. These people, it appears, assert that workers and peasants who until recently were working in Stakhanovite fashion in the factories and collective farms, and who were then sent to the universities to be educated, therefore ceased to be real people and became second-rate people. So we are to conclude that education is a pernicious and dangerous thing. [*Laughter.*] We want all our workers and peasants to be cultured and educated, and we shall achieve this in time. But in the opinion of these queer comrades, this purpose harbors a grave danger; *for after the workers and peasants become cultured and educated they may face the danger of being classified as second-rate people.* [*Loud laughter.*] The possibility is not excluded that these queer comrades may in time sink to the position of extolling backwardness, ignorance, benightedness and obscurantism. It would be quite in the nature of things. Theoretical vagaries have never led, and never can lead, to any good.<sup>2</sup>

The intelligentsia reflect the social system in which they are born and develop. Not completely, of course. Just as un-

2. Stalin, Joseph, *Report of the Central Committee to the Eighteenth Congress of the CPSU, Communist International*, vol. xiv, 1939, Special Number, pp. 547-8.

der capitalism a section of the intelligentsia break with the bourgeoisie and join forces with the proletariat, so under socialism a section of the intelligentsia reflect the hangovers of capitalism and international imperialism, not the socialist base. Either former bourgeois intellectuals or else younger elements infected with bourgeois ideology, these people do indeed seek privileges, but they do not constitute an economic class because they do not occupy a decisive place in a "historically determined system of social production," as Lenin says. They have no fundamental power apart from the power of the class which by virtue of its holding the state power has taken control of the means of production, the factories, land, mines, etc.

But the restorationists attribute to this corrupt section of the intelligentsia, this stratum of a stratum, the mystical power of being able to steal the means of production from hundreds of millions of people gradually, secretly, slyly, by verbal decrees and resolutions. We are supposed to believe that in the Soviet Union, a country in which the people have built and defended socialism for fifty years, a small group of managers and other officials have on their own enslaved them. How have they accomplished this no mean feat? Even under capitalism, with its tradition of oppression written into law, the workers would not tolerate for long the tutelage of the foremen, plant managers, etc., if they were not supported by the violent state apparatus of a separate class, the capitalists. Whence then comes the strange power of the managers and so forth under socialism, that is, in a situation in which the working class is a hundred times more organized, conscious and experienced in the class struggle, and in which there is no legally propertied bourgeoisie to back the managers and their like, the brain workers—whence comes the strange power of these people to enslave the workers with virtually no struggle? But this is precisely what the restorationists say has happened. Their version of reality shows their opinion of the working class in the Soviet Union and elsewhere.



### *What are Material Incentives?*

These are treated by the restorationists with haughty contempt as "revisionist" and much worse. They give rise, we are told, to capitalist restoration, unlike moral incentives, which are OK.

The theory that material incentives lead to revisionism and capitalism has more in common with Catholicism and the various doctrines of the mortification of the flesh than with communism. The logical conclusion of this theory is that the closer society gets to the material abundance of communism, the more revisionist and bourgeois it will be. This corresponds to Christian eschatology — but to Marxism?

Stalin discusses very concretely how the granting of material incentives (that is bonuses for more production) fully corresponds to the socialist law of distribution (from each according to his ability, to each according to his work) and is absolutely necessary to the development of a skilled, motivated and dedicated working class.<sup>3</sup> Unlike our aristocratic ideologists, Stalin sees nothing wrong with the workers and peasants enjoying the fruits of their labor. Unlike St. Augustine he does not see physical well-being as inimical to purity of thought. Nor do the people. Twenty million of the workers and peasants "corrupted" by Stalin's "revisionist" theories, the generation of the Stakhanovites "corrupted" by material incentives, laid down their lives to bury Hitler in the Great Patriotic War of the Soviet Union. More recently the Cuban people, similarly "corrupted" by material incentives, shed their blood to help free Angola. And the ascetic theorists of restoration sit in their studies writing brilliant polemics on their IBM typewriters against the "revisionist" practice of material incentives.<sup>4</sup>

3. Stalin, Joseph, "New Conditions—New Tasks in Economic Construction (Speech Delivered at a Conference of Business Executives, June 23, 1931)," *Collected Works*, FLPH, Moscow, 1955, vol. 13, pp. 54ff.

4. Lenin speaks in "A Great Beginning" (*op. cit.*) of how voluntary, unpaid labor represents the new shoots of communism. But he says nothing about there being anything evil, wrong or "revisionist" about *paid* labor, that is, labor in exchange for which the worker is given "material incentives."

## *What is Capitalism?*

Capitalism is a social system or "mode" of production.

Marx: "The historical conditions of [capital's] existence are by no means given with the mere circulation of money and commodities. It can spring into life, only when the owner of the means of production and subsistence meets in the market with the free labourer selling his labour-power. And this one historical condition comprises a world's history. Capital, therefore, announces from its first appearance a new epoch in the process of social production."<sup>5</sup>

Capitalism is not simply a system in which there are haves who steal the product of labor of the have-nots, as some claim.<sup>6</sup> All previous class societies have been characterized by this state of affairs, that is, by exploitation. Engels says, "It would be absurd to assume that unpaid labor arose only under present conditions where production is carried on by capitalists on the one hand and wage workers on the other. On the contrary, the oppressed class at all times has had to perform unpaid labor."<sup>7</sup>

What distinguishes one historical system of production from another is the mode by which that unpaid labor is appropriated from the producer by the non-producer.<sup>8</sup> Under capitalism it is wage labor, that is, the buying and selling of labor power as a commodity (not the laborer himself, as under slavery, nor the product of labor or labor-time, as under feudalism). Wage labor presupposes a situation where the majority of producers are "free" of their own means of production and means of subsistence; they can't support themselves without getting a job working for someone else. Only when their labor power becomes a commodity do most

5. Marx, Karl, *Capital*, Vol. I., International Publ. edition, p. 170.

6. See, for example, the way Marx's meaning is distorted by the Revolutionary Communist Party, Red Papers No. 7, 1975, p. 3, in which a passage from *Capital* is taken out of its context and made to seem to mean that the capitalist is a capitalist by virtue of being able to appropriate unpaid labor, as opposed to unpaid or surplus *value*, from the laborer.

7. Engels, "Marx's *Capital*," (1868) *Selected Works of Marx and Engels*, International Publ., vol. I, p. 339.

8. Marx, *Capital*, op. cit., p. 241.

other products (food, clothing, shelter, etc.) become commodities also. Capitalism cannot arise as the dominant mode of production in society as long as only a few (mainly luxury) items are produced for sale. As long as most production is carried on by individuals (mainly farmers) for their use and that of their families, the production of articles for sale (jewelry, fine lace, spices, certain tools, ships, etc.) exists only in a limited way, on the periphery of society. It is only when the masses of people cannot produce for themselves (because they have been deprived of their land) and have to buy their food, clothing, etc., that commodity production can become the prevailing mode of production, that is, become capitalist production.

The process by which the farmers are separated from their land is *primitive accumulation*, the violent seizure of land by the capitalists and the driving of the peasantry from it into the cities, where they become factory workers.<sup>9</sup>

Capitalism arose historically only on the basis of these concrete conditions. It arises as a social power of one part of society, the appropriators of the land and the manufacturers in the towns, over the dispossessed. Capital is not a sum of money or a thing but a social relation, "a special, historically definite, social production relation."<sup>10</sup> Capital exists as "dead labor, that, vampire-like, only lives by sucking living labor." Marx puts it thusly:

How does a sum of commodities, of exchange values, become capital?

In that, as an independent social power, i.e., as a power of a *part of society*, it maintains itself and increases by *exchange for direct, living labor power*. The existence of a class which possesses nothing but its capacity for labor is a necessary prerequisite of capital.

It is only the domination of accumulated, past, materialized labor over direct, living labor, which turns accumulated labor into capital.<sup>11</sup>

9. See the entire last section of volume I of *Capital* for a definitive account of the process of primitive accumulation.

10. Quoted by Leontiev, A., *Political Economy: A Short Course*, 1934, Proletarian Publ. (reprint), p. 92.

11. Marx, Karl, *Wage Labor and Capital*, *SW, op. cit.*, pp. 265-6, *emph. in original*.

Capitalism is not just the stealing of labor of one part of society by another part. Stealing went on under slave society, in which the slave master "stole" and owned entire human beings. Stealing goes on under capitalism but in itself is not capitalist. When I get held up on the street and robbed of the week's wages in my pocket, the robber is not a capitalist for that. Capitalism is a social power. Every capitalist is a thief, but not every thief is a capitalist. Under capitalism, says Karl Marx, "social wealth becomes in an ever-increasing degree the property of those *who are in a position to appropriate continually and ever afresh the unpaid labour of others.*"<sup>12</sup>

Just as money cannot buy happiness, neither can it buy capitalism. Having a fancy dacha in Armenia does not make you a capitalist.<sup>13</sup> Capitalism is not wealth, it is value which expands by sucking living labor.

As a distinct, historically determined system of social production, capitalism operates according to objective laws which exist and function independent of man's will: the law of value, of competition, of the anarchy of production, etc. The basic law of modern capitalism, on which all others are dependent, is stated by Stalin in this way:

The securing of the maximum capitalist profit through the exploitation, ruin and impoverishment of the majority of the population of the given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and, lastly, through wars and militarization of the national economy, which are utilized for the obtaining of the highest profits.<sup>14</sup>

### *What is Socialism?*

Like capitalism, socialism is neither a political "line" nor a policy, but a social system or mode of production based on the abolition of private property.

12. Marx, *Capital*, *op. cit.*, p. 587, *emph. added.*

13. Cf. Red Papers No. 7, *op. cit.*, p. 136.

14. Stalin, *Economic Problems*, *op. cit.*, p. 39.



"The capitalist mode of appropriation," Marx writes, "the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labour of the proprietor. But capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisitions of the capitalist era: *i.e.*, on co-operation and the possession in common of the land and of the means of production."<sup>15</sup>

The socialist transformation of society does not take place spontaneously and over a period of hundreds of years, as capitalism did. It can only occur after the bourgeoisie has been defeated politically, after its state has been smashed and the proletarian state erected in its place. "The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the state, *i.e.*, of the proletariat organized as the ruling class; and to increase the total of productive forces as rapidly as possible."<sup>16</sup>

The seizure of political power by the proletariat is not the same as the economic establishment of socialism; it merely lays the basis for it. The Russian October Revolution of 1917 established the dictatorship of the proletariat, but not socialism. Capitalism, particularly in agriculture, existed for ten or more years after the military and political victory of the working class, only "by degrees" being ousted from one section of the economy after another.

Like all other systems or modes of production, socialism operates according to definite objective laws. "The laws of political economy under socialism are objective laws which reflect the fact that the processes of economic life have their own laws and operate independently of our will."<sup>17</sup>

Under the socialist system there continue to operate laws which hold true under all systems of production, *viz.*, the law that "the relations of production must necessarily con-

15. Marx, *Capital*, *op. cit.*, p. 763.

16. Marx, Karl, and Engels, Frederick, *Manifesto of the Communist Party*, *SW, op. cit.*, vol. 1, p. 227.

17. Stalin, *Economic Problems*, *op. cit.*, pp. 11-12.

form with the character of the productive forces."<sup>18</sup> Besides this, the law of extended reproduction, valid for all industrial society, capitalism, socialism and the higher form of communism, also obtains. This law states that production of the means of production (machinery, raw materials, factories, railroads, etc.) must proceed relatively faster than the production of the means of consumption. The law of value, fundamental to capitalism, continues to exist to a degree, although it no longer has the importance that it does under capitalism.

Finally there are the laws unique to socialism, which, like the others, are objective and independent of anyone's will.

With the birth and development of socialist relations of production, new economic laws make their appearance and begin to operate: the basic economic law of socialism, the law of planned (proportional) development of the national economy, the law of steady increase in the productivity of labor, the law of distribution according to work, the law of socialist accumulation, etc.<sup>19</sup>

The basic law of socialism, on which all others depend, is stated by Stalin as "the securing of the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society through the continuous expansion and perfection of socialist production on the basis of higher techniques."<sup>20</sup>

Stalin, in conformity with Marxism, makes a distinction between the laws of socialism, which are objective, and the way society uses them. For example he says,

The law of balanced development of the national economy arose in opposition to the law of competition and anarchy of production under capitalism. It arose from the socialization of the means of production, after the law of competition and anarchy of production had lost its validity. It became operative because a socialist economy can be conducted only on the basis of the economic law of balanced development of the national economy.

18. *Ibid.*, p. 10.

19. *Textbook of Political Economy*, Institute of Economics, USSR, 1956, p. 526. This is an extremely interesting book, and almost completely unavailable. It is the book Stalin discusses being written in his *Economic Problems of Socialism in the USSR*.

20. Stalin, *Economic Problems*, *op. cit.*, p. 33.

That means that the law of balanced development of the national economy makes it *possible* for our planning bodies to plan social production correctly. But *possibility* must not be confused with *actuality*. They are two different things. In order to turn this possibility into actuality, it is necessary to study this economic law, to master it, to learn to apply it with full understanding, and to compile such plans as fully reflect the requirements of this law. It cannot be said that the requirements of this economic law are fully reflected by our yearly and five-yearly plans.<sup>21</sup>

Expanding on this, the *Textbook of Political Economy* concludes that,

Violation of the requirement of these economic laws causes a number of difficulties and contradictions and can lead to the dislocation of the country's economic life." Following Stalin it continues, saying, "Denial of the objective character of the economic laws of socialism would mean the destruction of the political economy of socialism as a science, thereby depriving socialist society of the ability to anticipate the course of events in the economic life of the country and to guide the national economy. Such a denial is a departure from Marxism to the standpoint of subjective idealism. It inevitably leads to political adventurism and to arbitrariness in the practice of economic management."<sup>22</sup>

It also leads to theoretical adventurism when it becomes the basis for saying that socialism is an ideological category or "line." The theorists of capitalist restoration completely abandon the standpoint of Marxism when they confuse the objective existence of socialism with the subjective policies of this or that group of leaders, and state that these policies can alter, abolish, destroy or radically change socialism. That they do not even seem aware of their predicament, and blissfully proceed with their "subjective idealist" theoretical vagaries, testifies to their low theoretical level. But ignorance of the law is no excuse.

21. *Ibid.*, p. 11.

22. *Textbook of Political Economy, op. cit.*, p. 527.

## 3

## The Development of the Soviet Economy

It is not necessary to get bogged down in a repetition of what has been written again and again, namely, a narrative history of the development of Soviet socialism. The reader who is interested in going into this aspect of the subject should read the *History of the CPSU(B), Short Course*, Stalin's speeches to the Party congresses during the 1920's and 1930's, etc. (See *Bibliography*) Let it suffice to say here that the period of the first two Five Year Plans, 1928-37, which included the period of the collectivization of agriculture, led to the virtually complete socialization of the entire Soviet economy. Summing up this period, which saw the replacement of one quality, capitalism, by another entirely different quality, socialism, Molotov says in 1939,

That the Second Five Year Plan has been a success is apparent to everyone. The *chief historical task* assigned by the Second Five Year Plan has been accomplished: all exploiting classes have been completely abolished, and the causes giving rise to the exploitation of man by man and to the division of society into exploiters and exploited have been done away with for all time. All this is primarily the result of the abolition of the private ownership of the means of production.<sup>1</sup>

It is impossible to understand the political economy of the Soviet Union without understanding the historical environment in which socialism developed. One must keep in mind

1. Molotov, V. M., Speech to 18th Congress of the CPSU, *Communist International*, *op. cit.*, p. 612.



the extreme, barbaric backwardness of old Russia, its brutal poverty. An already bad situation was made much worse by the tremendous destruction of World War One and the civil war (supported by imperialist intervention) following the October Revolution. It took Stalin and the other Bolsheviks within the leadership of the Communist Party several years merely to win the Party as a whole over to the possibility that socialism could be built at all in such an unfavorable situation. Only afterwards came the struggle over how.

Socialism cannot be built in the same way as capitalism. The latter developed historically on the basis of light industry (textiles primarily, then tobacco, spices, etc.) as the leading factor. Heavy industry gradually developed (ship-building, machinery, railroads, etc.) to serve light industry. But this took hundreds of years. It also took the form of the enslavement and butchery of tens of millions of human beings in the holds of slave ships and the mines and fields of the Americas. It took the form of a polarization of two forces in society, the small capitalist class and the vast masses of toilers, who were enslaved and worked to death in the process of producing vast fortunes. The polarization took the form of growing class divisions within individual countries. On an international scale, a handful of capitalist countries grew rich at the expense of the majority of countries, the colonies and dependent nations. Capitalist accumulation took place at the expense of the impoverishment and destruction of untold millions of people.

Socialist accumulation could not proceed in this way. This simple truth is overlooked intentionally or unintentionally by the many critics of the Soviet Union and of Stalin in particular. The Soviet state was surrounded by a hostile capitalist world outside, and inside by a still-strong rich peasant class (the kulaks) and a large number of persons frankly hostile or at the best very skeptical toward the new system (the old intelligentsia, the NEPmen, and so forth). It could not have lasted ten minutes if it had not had and maintained the support of the rest of the population, the working class and bulk of the peasantry, and it could not have maintained this support if it had not set about to improve their lives. Lenin's New Economic Policy was an open admission of this fact, and Stalin's policies of material as

well as moral incentives<sup>2</sup> were a continuation of Lenin's line. But Stalin, being a Marxist, not a demagogue, knew that living standards could not be raised by some short-term emphasis on production of consumer goods, for the simple reason that there were no machines with which to produce these goods, or a sufficient number of urban workers, for that matter, to operate the non-existent machines. Thus Stalin put forth the only correct policy, embodied in the First Five Year Plan (1928), the policy of using virtually all the meager resources of the vast but impoverished country to build heavy industry, largely at the expense of light (consumer) industry and agriculture. The reader must, in evaluating Stalin's policy, always keep in mind perhaps the most important single historical feature of the Soviet economy from the beginning, the continual shortage of capital. Otherwise it is impossible to see any further. Whereas capitalism creates a surplus of capital and labor power by impoverishing the vast majority of people under its sway, socialism must constantly raise the living standards of the people at the same time as it is accumulating factories, machines, means of transport, etc., not at their expense, but in harmony with them.

From virtually nothing the Soviet people had to build an indestructible economy and political structure, and within a relatively short time, to withstand the fascist onslaught they knew to be inevitable. Heavy industry with which to build machinery and defense materials had to be primary, consumer industries secondary. This was fully in conformity with the law of extended reproduction, which Marx outlines as true not only for capitalism but for socialism and the higher stage of communism as well. To make shoes you first have to build shoe-making machines. But even before that you have to build machines to make these machines.

Soviet industry was mainly built to expand extensively rather than intensively—that is, new capital was, generally speaking (although by no means always), invested to build more factories of the same type, rather than to develop the productivity of labor based on qualitatively new technique.

2. Cf. Stalin, "New Conditions, etc.," *op. cit.*

The reliance on extensive (more of the same labor and means of production) rather than intensive (new technology) was another reflection of the historical conditions in which socialism was being built. Capital was very limited, help from the advanced capitalist countries was even more limited, and within the country there was a very small supply of skilled labor to build and operate sophisticated machinery, even if the capital to build or import it had been available. At the beginning of the period of real industrialization (1927) the industrial proletariat was very small and its skilled sector even smaller. Eleven million peasants with virtually no technical or any other kind of training became industrial workers during the period of the First Five Year Plan. Under these conditions heavy industry could be built only by relying on large expenditures of human labor in the construction of big, basic, non-specialized factories set up to produce tractors one day and tanks the next day or the day after. At the beginning of this period millions of workers worked for room and board alone, since there was not enough capital to pay money wages!<sup>3</sup>

Further, capital expenditure on heavy industry had to be rigidly centralized in order to conserve as much as possible. Priorities within the capital goods sector had to be made. Thus less was spent on transportation than on the construction of factories. This is why even today the Soviet Union is very poor in paved roads and trucks. There was never enough capital to build what was necessary for the expanding economy. To get around the transportation "bottleneck" Stalin built universal production centers, huge industrial complexes in which different kinds of production were centralized in one place near sources of minerals or other necessary raw materials. Factories were not created as specialized units producing a particular product; rather they were made to build many different products. A given factory might produce heavy, large-scale machinery, as well as high quality steel, sewing machines, agricultural equip-

3. Cf. Strong, Anna Louise, *The Stalin Era*, Mainstream Publ. NY, 1956, Chapter Two, for an eloquent description of the atmosphere of the First Five Year Plan.

ment, precision tools, elevators, and bicycles.

It is a law of technology that the more types of jobs a tool can do, the less specialized and productive it will be. Stalin's universal production centers were the best solution to the needs of industrialization under the existing conditions. But they could not and did not lead to the development of a highly technical, capital intensive industry.

Capitalism develops anarchically, from crisis to crisis, through massive unemployment and the impoverishment of large sectors of society. Socialism cannot and did not develop in this way. Given the extreme tautness of the Soviet economy, it could only move forward on the basis of the socialist law of balanced development, that is, by a plan which used capital and labor in the most economical manner possible. Stalin understood this too. The whole country was organized according to a central plan made up by the State Planning Commission (Gosplan). The Plan was formulated from the correlation of countless reports, facts and projections from literally every production establishment, big or small, in the entire country. Planning, in conformity with the law of balanced development, acted as the new regulator of production, restricting within narrow limits the activity of the old law of value, which regulates production under capitalism. The exchange of principal products (means of production) did not take place within a market framework. They were exchanged according to the plan based directly on the actual amount of labor that went into their production, not indirectly, based on supply and demand. Prices ceased being open to the fluctuation of the market, and were fixed centrally in accordance with an overall appraisal by Gosplan of the general needs of the economy plus an appraisal of the amount of labor time necessary for 1) the production of raw materials in the product; 2) the amount of the means of production used up; and 3) the amount of new labor expended in production. Luxury items were often priced high above their actual cost to discourage purchase, necessary items far below in order to improve the living standards of the people.

The market under these conditions could not be very flexible and meet the growing needs of a population with more money to spend every year. There was not enough



capital to produce greater and greater quantities of more diversified products. The economy and market were designed to reproduce themselves on an increasing scale without much product "mix." This led to a perennial shortage of quality consumer goods, a situation which has continued to the present time, as we shall see.

These inevitable shortcomings of the Stalin economy were aggravated immeasurably by the vast destruction of people and other productive forces caused by the Hitler invasion. It is estimated that 690 billion rubles worth of socialist property was destroyed.<sup>4</sup> The fact that the country could withstand such unimaginable destruction and rise up stronger than ever in a period of three or four years after the war is testimony to the greatness of the Soviet people, their love of their country and socialism, and the genius of the man who was able, in the face of virtually insurmountable obstacles, to formulate and then implement a correct economic policy during the most difficult thirty-year period any country ever faced. The shortcomings of the economy Stalin and his people built are finite and in time will disappear. Its strengths, harbingers of the bright spring humanity is progressing toward, are immortal.

### *The Elite*

The same historical conditions which determined the limitations of the growth of Soviet society have also permitted the growth and temporary consolidation of a privileged stratum, an elite, at the very apex of the Party and state. At the present time its leaders are the Brezhnev and Kosygin grouping. Their existence and bourgeois lifestyle are beyond doubt. In his book *The Russians* Hedrick Smith repeats a popular Soviet joke about Brezhnev (which a recent visitor in the Soviet Union confirmed to me is indeed widely told).

While I was in Moscow, his mother was still living, and, according to the anecdote, Brezhnev wanted to impress her with how well he had done. He decided to invite her up from their home in

4. *Textbook of Political Economy*, *op. cit.*, p. 690.

Dneprodzerzhinsk, in the Ukraine and showed her through his ample in-town apartment but she was nonplussed, even a little ill-at-ease. So he called the Kremlin, ordered his Zil [the largest Soviet limousine] and they sped out to his dacha near Usovo, one used previously by Stalin and Khrushchov. He took her all around, showed her each room, showed her the handsome grounds but still she said nothing. So he called for his personal helicopter and flew her straight to his hunting lodge at Zavidovo. There, he escorted her to the banquet room, grandly displaying the big fireplace, his guns, the whole bit, and, unable to restrain himself any longer, asked her pleadingly, "Tell me, Mama, what do you think?"

"Well," she hesitated, "it's good, Leonid. But what if the Reds come back?"<sup>5</sup>

What is at issue in the debate on the existence of a "new bourgeoisie" is not whether there is a privileged stratum, but whether it constitutes a class in the sense in which Lenin defines it.<sup>6</sup> If the reader stops to think about the matter, and examines the facts, he will see that there is literally no justification, either in theory or fact, for the conception of a new bourgeoisie arising out of socialism. Historically capitalism arose out of feudalism in the form of a polarization of society as an unconscious solution to the problem of increasing the productivity of labor. The early merchant or manufacturer became a capitalist because he could produce more products more cheaply than his competitors, and undersell them, if he hired laborers, expanded his shop beyond the limits set by the guild structure, etc. Becoming a capitalist was a practical solution to practical problems, not an ideological choice. But under socialism where is the impulse, the world-historical force which impels society toward capitalism? There is none. Once capitalism is gone, who would want to bring it back? Even the facile argument of the restorationists, who claim that the revisionists want to restore capitalism in their own interests, will not stand up under examination. One can understand the desire of the Russian emigre, living in poverty in a

5. Smith, Hedrick, *The Russians*, Quadrangle Press, NY Times Books, 1976, p. 38.

6. Compare Lenin's analysis of classes ("A Great Beginning," *op. cit.*) with that of Djilas (*op. cit.*).

Parisian garret, brooding over the thought of his millions in jewelry and other property "stolen" by the Bolsheviks, his land taken over by "filthy peasants," his now worthless millions of rubles of stocks and gold shares, which he has stuffed in a cheap cardboard suitcase hidden in the dirty mattress of his miserable little Rive Droit hovel, rotting almost before his eyes—one can understand his desire, his overwhelming hunger, to restore capitalism and tsarism, the "old, civilized order," because that would mean restoring to him "his" property and status. But why would a Brezhnev or even a Khrushchov want to restore capitalism? They have arisen under socialism, and the privileges they have gained were gained under, and in a certain sense because of, socialism.<sup>7</sup> The elite *like* socialism because it means that they can have their privileges *and* a working class whose standard of living is constantly rising, who are not likely to go on strike, riot, or overthrow the government—as long, that is, as the leadership guarantees their well-being. Brezhnev and Company have no desire to restore capitalism; instead they want, and have been able, to skim the cream off socialism, to have their cake and eat it too.

A little reflection will convince anyone not totally blinded by preconceptions that the very notion that these men would want, much less be able, to restore capitalism, makes no sense whatsoever.

There is only one internally consistent and rational theory that *could* reasonably claim that Brezhnev and Co. would want to restore capitalism. This is the theory that capitalism is a better solution to the economic problems besetting the Soviet system than socialism: that a free market gives more incentive to produce quality goods economically, that private ownership is more productive than public ownership, and so on and so on. This of course is the argument of the bourgeoisie, who see their system as the best and the brightest. It has been picked up to one degree or other by some extreme right wing economists within the socialist countries, who are dazzled by the glitter of Western

7. For further analysis of how and why Soviet revisionism arose and took the form it has, see "Statement on the 25th Congress of the CPSU," *People's Tribune*, vol. 3, no. 11, reprinted as Appendix I.

technology and range of commodities and disillusioned by the problems of socialist construction, but who do not have the brains or backbones to understand why "the West" (and this really means the upper strata of the capitalist world) has done certain things "better" than socialism, and attribute this temporary advantage to the inherent superiority of capitalism to socialism. But even those who hold this view do not claim that Brezhnev and the other leaders of the Soviet Union hold it as well. On the contrary, they complain, as do the imperialists, that the Soviet leaders are too conservative, too hidebound, in their "Stalinist" (i.e., socialist) way of thinking. So even if the left-wing of the bourgeois ideologists, the theorists of restoration, dared put forth the idea that they think capitalism has been restored in the Soviet Union because it is better than socialism, they could not make anyone believe that Brezhnev and Co. have had a hand in this restoration. Brezhnev and Co. have opposed, successfully, any major change in the Soviet economic system of planning, pricing, ownership, etc.

In order to demonstrate this more concretely, let us leave to the side for the moment the question of Brezhnev's subjective desires, and continue with the discussion of the Soviet economy. It is indisputable that the first and most extreme of the privileged "reformers" of the Soviet economy, Nikita Khrushchov, did begin attacking aspects of the Stalin economy in a very bourgeois, demagogic way. What did he and his successors Brezhnev and Kosygin do?



## 4

## The Reforms of the Khrushchov-Brezhnev Period

### *Khrushchov*

Khrushchov rose to power in the course of a very sharp and complex struggle within the presidium and central committee of the CPSU after the death of Stalin in March, 1953. The struggle involved differences on all the major political and economic questions of domestic and foreign policy. To win the struggle and consolidate their hold on the Party and state apparatus, the Khrushchov grouping had to isolate their opposition, the Bolshevik grouping led by Molotov and closely associated with Stalin and his policies. In a period of about six years (1955-61), Khrushchov and Co. were able to do so owing to circumstances which nationally and internationally were exceptionally favorable to them. They appealed to two fundamental needs of the Soviet people, for peace and prosperity in the form of more consumer goods. Khrushchov, with the help of international imperialism, which correctly saw him as the more malleable, Molotov as the more formidable, opponent, was able to paint his opposition, the "Stalinists," as both warlike and desirous of depriving the people of the consumer goods they both needed and deserved. Khrushchov portrayed himself as able to provide both peace and "goulash communism" to the Soviet people, while the Molotov grouping, according to him, was adventurist in its foreign policy and ascetic (emphasizing continued predominance of the growth of heavy industry) domestically. And because the economy did

steadily improve until the beginning of the sixties, and because Khrushchov did have certain foreign policy successes (as well as Sputnik, which rested on the technological base built during the Stalin period), he was able to outmaneuver his rivals, the Marxist-Leninists within the presidium.<sup>1</sup>

On the economic front Khrushchov attacked Stalin's policy of giving precedence to the growth of heavy industry. He painted Stalin as a callous, uncaring despot who wanted his people to eat steel instead of goulash and other goodies. That this pose was pure hypocrisy can be shown by the following passage, written in January, 1955:

In connection with the measures recently taken for increasing the output of consumer goods some comrades are guilty of confusion on the question of the rate of development of heavy and light industry in our country. Relying on incorrect conceptions and a vulgarized interpretation of the basic economic law of socialism, these pseudo-theoreticians try to prove that at some stage of socialist construction the development of heavy industry ceases to be a main task and that light industry can and should precede all other branches of industry. This is a deeply mistaken

1. Alexander Werth, long-time British correspondent in the Soviet Union, recounts an interesting conversation he had in 1960 with some Russian friends whom he had not seen for some years. Coming from a typical working class family, they expressed attitudes which were no doubt fairly typical of that period.

"Anna Ivanovna talked about how wonderful life had become in the Soviet Union, and said she was particularly happy to have her TV set. Whereupon this was duly demonstrated, while Kolya showed me a very modern camera and the numerous pictures he had taken while vacationing in the Caucasus last summer and climbing Mount Elbrus. Peter Ivanovich showed off his Soviet electric razor. 'We are getting on pretty well,' said Anna Ivanovna, and remarked on what a wonderful man Khrushchov was. 'And he was pretty good in America, too, wiping the noses of some of the cheekier Americans! I tell you,' she said, 'things are much, much better than they used to be under the old man.'

"At this point Vanya intervened and remarked that, after all, Stalin had done his stuff during the war. 'Without him, we might never have won.' 'Quite true, quite true,' said Anna Ivanovna, 'but he wasn't the nice, human sort of chap Nikita Sergeievich is. He can be so funny! And *papa* Stalin did become a bit strange towards the end.' " (*Russia under Khrushchov*, Crest Books, 1961, pp. 74-5)

view, alien to the spirit of Marxism-Leninism.<sup>2</sup>

The author of these "Stalinist" (and correct!) words? Nikita Sergeievitch Khrushchov. Obviously he understood, at least theoretically, what was economically right and what was wrong. His later espousal of precisely the "vulgarized interpretation" he criticized in the passage above was made to a great extent for purely factional purposes. The reforms which he introduced two years after it was written, with disastrous results, measures to decentralize the planning apparatus, give more leeway to local management, and so forth, to a great extent were attempts to weaken the Molotov grouping, who were strongly entrenched in the central ministries which were (temporarily, as it turned out) abolished.<sup>3</sup>

But only to an extent. Factionalism was not the most important motive. The most important motive for the reforms was the desire to increase the production of consumer goods by expanding the number of consumer goods enterprises and raising their productivity by giving the managers more initiative, a greater share of the profits which they would reinvest in newer and more productive machinery, material incentives for the workers, etc. The reader will recall that it was precisely during this period that all the grandiose claims of overtaking the United States by 1980, reaching the higher stage of communism in twenty years on the basis of absolute abundance of commodities, etc., were made by Khrushchov and his comrades in the interests of their own narrow faction. The reforms were pathetic attempts to achieve, or appear to achieve, these goals, and thus to immortalize Khrushchov and Co. themselves.

What did the reforms introduced in 1957 actually do? The twenty-two central economic ministries which had until then supervised production were abolished and 107 regional councils were created in their place. The state plan no longer specified exactly the quantity, quality, bonus rates and every other detail of production for every factory. A

2. Quoted in *Textbook of Political Economy*, *op. cit.*, p. 534.

3. Even one restorationist (Nicolai, *op. cit.*, p. 81) admits this, in perhaps the only intelligent statement in his entire book.

quota for production of the total amount of each material and product was sent by the State Planning Commission (Gosplan) to each regional council, which in turn had the power to decide which factory would produce what amount. But although this represented a certain decentralization, Gosplan remained the final authority on what was being produced, and how much. Moreover, the prices of all materials and products were still strictly centralized. A total amount of resources would likewise be allocated to the regional councils; they would decide on the proportion going to each factory.

Between 1959 and 1964, when he was unceremoniously fired as leader of the country, Khrushchov introduced two major administrative reforms and several little ones. In content they were nothing but shufflings of administrative boxes under the ideological guise of "democratization" of the economic structure; the state still had firm control. As a matter of fact, the motion as time went on was toward greater and greater recentralization of authority because the Party and the central planning apparatus needed to keep centrifugal forces in check, in their own factional interests as well as in the interests of the economy in general. For example, when "regionalism" developed, when local regional councils spent funds allocated for state projects on local projects, or when they disrupted state distribution of resources by trading only with local enterprises, they were firmly slapped down. All the "anti-Stalinist," "democratic"-sounding phrasemongering in the world did not and could not mean a loosening of the basic control of the center and the unleashing of "free enterprise." Socialism operates according to objective laws which cannot be abolished or changed. One of them is the law of balanced development, which necessitates an overall economic plan. Planning can either reflect or fail to reflect the law, but there must be planning. Khrushchov planned badly, but he planned. Under his reforms the state still retained centralized control over all key aspects of production. It controlled resources, prices and distribution. It controlled what products each region (if not, at the beginning, each individual factory) would produce, and the price at which they would be sold.



And through the trade unions it controlled wages, working conditions, the workers' welfare, etc.

But because of Khrushchov's ineptness in planning, his policies came into contradiction with the law of balanced development of the economy. The early sixties, which bore the fruit of his earlier, much-heralded democratization and consumerization of the economy, were years of economic stagnation. While there was no depression or even recession, all types of economic growth declined tremendously. This was very serious for an economy which for forty years had grown continuously and at a faster rate than any capitalist economy ever had or could have. The stagnation came unexpectedly and was a direct result of the Khrushchov revisionists' wrong policies. Agriculture stood still, badly hurt by (among other things) the sale of the Machine and Tractor Stations to the collective farms, a measure opposed by Stalin and carried out by Khrushchov in order to raise a lot of capital quickly for investment in light industry. The bad agricultural situation forced, on June 1, 1962, a 30% increase in the price of meat and a 25% rise in the price of butter. This was followed by a wave of strikes, demonstrations and riots throughout the country which served to remind Khrushchov and Co. of whose consent their power was based on. Expansion of industrial production declined from 8% per year to 6% from 1961-5; the annual growth of overall investment (including private and collective farms) fell from 13% to 6% in the same period; the average rate of increase in consumption fell from 6.8% to 3.9%. In 1962, the Seven Year Plan begun in 1959 was scrapped.

Khrushchov's fatal error was that he did not understand, or chose to forget, that the economy he inherited from the Stalin period possessed certain limitations based on two things: first, on its operating according to objective laws unique to socialism; and second, on its chronic shortage of capital ("tautness") resulting from the historical conditions in which it developed. The demands he made on the economy for the purpose of saturating the people with consumer goods and thus consolidating his position required a scale of development a hundred times greater than that of the economy at that particular time. Instead of concentrating on a few basic and crucial industries and using them

as a foundation for gradual but sure expansion of consumer industry, Khrushchov and his group demanded the simultaneous development of many new industries ranging from paper products to new chemicals, from sporting goods to the latest styles. Being a philistine who worshipped the "consumer paradises" of the Western imperialist states, he forgot that their economies are built on the backs of billions of virtual slaves in the colonial world and on a large impoverished stratum within the imperialist countries themselves. His demagogic attempt to establish "equilibrium," the equal growth of heavy and light industry, instead of the relatively greater expansion of the former, met with failure because it contradicted the law of extended reproduction. Khrushchov did not wreck the economy, although he hurt it; he wrecked himself. Owing to his failures, particularly in agriculture, he was kicked out of the leadership of the Party and state by his own cronies in 1964, blamed for everything that had gone wrong, and today is looked upon as a fool and spendthrift by the Soviet people and everyone else.

### *Kosygin's 1965 Reform*

The famous Reform of December, 1965, introduced by Premier Kosygin, is the bogeyman of all the theorists of capitalist restoration. They triumphantly point to it as "iron-clad proof" that capitalism was restored in the Soviet Union by the decree of two men.

What are the facts? The Reform plan laid down by Kosygin introduced the following measures: 1) Sales, profits and profitability (the rate of return on investments), rather than the total output, were to become the main performance indicators within the state plan. The number of targets that enterprises were supposed to achieve were reduced from 40 to eight or nine. 2) Managers were given much more freedom to determine what products were produced, production schedules, what the size of their labor force would be, and so on; factories could specialize to produce whatever was the most profitable of a certain type of goods within definite guidelines set by Gosplan. 3) Interest was charged as well as rent to extractive industries; new invest-

ment was to be financed by bank credits, rather than budget allocations which did not have to be paid back. Individual enterprises were given more responsibility for reinvesting funds for expansion of production from their profits. Enterprise managers were given more leeway in how much they would pay themselves and their employees in bonuses (wages above the base pay given for overfulfillment of work quotas), although the basic wage rates (compensation for a certain amount of a certain quality of work) were still centrally fixed in the traditional way.

The restorationists are thrown into an absolute tizzy over these reforms. The terms "profit," "interest," "bank credits" and so on have the same effect on them as a cross has on a vampire. But let the reader consider two facts.

First. Socialism adopts many economic terms from capitalism. Socialist literature from Lenin to Stalin to Mao Tse-tung uses the words "capital," "wages," and so on to apply to the socialist economy. Now how can "capital" exist under a system which has abolished capital? Obviously it cannot be the same capital. How can wages exist under socialism if socialism is, as Marx points out, the abolition of the wages system? Obviously it is a new kind of wages. Similarly with profit, rent, interest, etc. Under socialism old terms describe new realities, realities which exist in a situation in which there are no class antagonisms, no exploitation, and hence no basis for the old forms of capital, wages, surplus value, profit, and so forth.

Language always changes more slowly than social systems. Therefore one cannot go merely by the sound of the 1965 reforms, but must examine their content.

Second. A key component of the restorationists' understanding of the world is their conviction that Brezhnev and Kosygin, like Jehovah, could make something come into being by decree. In fact, it took God six days to create the world, but according to them it only took Kosygin one speech to create capitalism "of a new type." Reality presents us with a somewhat different situation. The reader should take a look at Brezhnev's address to the Twenty-fifth Party Congress of the CPSU, February, 1976, and see if he can find a single reference to the notorious 1965 Reform or any

of the measures contained in it.<sup>4</sup> Why isn't there any? Because the Reform failed and has now been consigned, like Khrushchov before, to the kingdom of shadows. And so will any other reforms, decrees, measures, suggestions or anything else which comes into contradiction with the objective laws of socialism.

American Kremlinologists, whose reputations and salaries rest on their ability accurately to describe what the situation is in the Soviet Union,<sup>5</sup> have remarked repeatedly on the failure of the 1965 Reform, and the reasons for the failure. Below are only several of very many examples.

The government functions at present (in 1973) in a highly centralized fashion, a reversal of Khrushchov's short-lived experiment with limited local control . . .

Meanwhile, the leadership has continued the proclivity of its predecessors to tinker with the system of management. In 1965 they adopted a so-called economic reform which was mistakenly [sic!] labelled in some Western publications as "creeping capitalism" because one of the success criteria was profits. Unfortunately, since the centrally set pricing system chronically lags behind actual costs, managers began to produce what was profitable for their enterprise and slighted assortment which led to disproportions on a scale comparable to that which existed when weight or value were the prime determinants. *As a result, ever more centralized controls have been reintroduced.*<sup>6</sup>

Further,

4. Brezhnev, Leonid, *Report of the CPSU Central Committee and the Immediate Tasks of the Party in Home and Foreign Policy*, Novosti Press Agency, Moscow, 1976.

5. The following references are from the *Soviet Economic Prospects for the Seventies*, Joint Economic Committee, Congress of the United States, US Government Printing Office, Washington: 1973. This is a compendium of papers by various authors. Henceforth it shall be referred to as JEC '73, and the name of the particular authors cited will be put afterwards.

6. JEC '73, Cook, Paul J., pp. 8-9. This passage has been reprinted verbatim in the latest JEC study on the Soviet Union, entitled *Soviet Economy in a New Perspective*, dated Oct. 14, 1976. Unfortunately, this came into my hands after this book had been completed. However, none of the material within it contradicts any of the conclusions reached, although obviously the statistical data and so forth are more up to date.



... the role of the economic reform has been soft-peddled to the vanishing point. Both the plan directives and the speeches at the Supreme Soviet meeting in November 1971 appeared to back away from the intent of the 1965 reform—to give enterprise managers more freedom and workers more incentive. Meanwhile, the emphasis was placed on more detailed analysis of enterprise operations (i.e., more rather than fewer direct success criteria) and on intensifying the role of the Party in the direct management of the ministerial organization.<sup>7</sup>

Why was the 1965 Reform introduced, and why did it fail?

### *Why Was the Reform Introduced?*

To raise the productivity of labor. As was mentioned earlier, Soviet industry, for objective reasons, was on the whole built extensively rather than intensively. Capital and labor power were set to work to expand and strengthen the existing productive forces, and not so much to make breakthroughs in labor productivity by introducing qualitatively new techniques based on electronics, computerization, etc. But by the early sixties this form of extensive expansion was running into serious problems, one in particular. This was the decreasing growth rate of the labor force. Because of the enormous loss of human life, particularly young men, in World War Two, the population growth had slowed and the country was threatened with a serious manpower shortage. It was no longer going to be possible to extend industry on the existing technical base merely by adding large amounts of new labor power. The declining growth of the labor force aggravated the problems caused by Khrushchov's bungling of the economy.

Under these circumstances the only solution that Brezhnev and his associates could see was to raise the productivity of labor by letting enterprise managers keep more of the return on their sales to the state and investing it in improving their machinery. They also permitted the managers to spend more of this additional capital on

7. *Ibid.*, Noren, James H., Whitehouse, F. Douglass, p. 221.

material incentives for the production workers, to encourage them to cut waste, find hidden reserves of productivity in the existing machinery, and so forth. In addition they provided these enterprises into greater efficiency by charging them interest on state-advanced capital loans kept beyond a certain period, thus penalizing them for inefficient use of resources. All these means fell under the category of "economic" as opposed to "administrative" levers. The philosophy behind their use was that productivity could be increased if the state made it profitable for the managers and the workers to increase it.

### *What Was the Reform's Real Content?*

It was not some abstract, ideological restoration of capitalism. It was an attempt to solve a very real problem, declining growth of the economy, in a "reformist" way. It would be oversimplifying matters, no doubt, to say that Brezhnev and Co. dealt with political problems in an "economic" or organizational way; but it is still very close to the truth.

Brezhnev and Kosygin, like Khrushchov, inherited a huge and very powerful economy from the Stalin period. But as shown earlier it was an economy weak in important areas, although through no real fault of its own: shortage of capital and relatively low labor productivity. Now, we know that in the early 1930's the Soviet economy was also beset with the same problem stemming from similar reasons: a history of economic backwardness, a workforce new to industry, the hostility of international imperialism, etc. What happened then? The Stakhanovite movement. A movement of workers and peasants, ordinary people, who because of their vast enthusiasm for socialism set out to "shatter the norm" holding for whatever form of production they were involved in. It would be wrong to say that Stalin and the rest of the Bolshevik leadership of the Party and state initiated the Stakhanovite movement; Stakhanov and his comrades did, from below, from the depths of the mines, from the farms, the mills, the factories, from virtually everywhere. Stalin did not initiate the movement, but the movement could not

have begun from below without his leadership. Listen to one eye-witness account:

Every year the Soviet Union produced its crop of heroes, usually the makers of records in production. In 1935, the names most heard were two. Stakhanov, a coal miner, devised a better production method—his name was used for a movement. Marie Demchenko, a sugar-beet grower on a collective farm, studied beets in the laboratory cottage and in the spring of 1935 challenged all the beet-growers: "Let us flood the land with sugar; my brigade pledges twenty tons of beets per acre."

Hundreds of farms accepted the challenge. Thousands of visitors inspected Marie's brigade at work; millions of readers followed the determined drive, as they nine times hoed the field and eight times cleared it of moths by fires at night. The whole country sighed when no rain came in August, and cheered when Marie got the fire department to pour 20,000 buckets of water on her land. She got twenty-one tons per acre amid the nation's plaudits. In a year or two, her record was surpassed but her fame remained green.

The end of her story is significant. Marie's gang were invited to Moscow to the November celebrations. They stood in the leaders' tribune. Marie told Stalin gushingly, how she had dreamed of coming to see the leaders. Stalin replied: "But now you also are leaders." Marie considered this. "Well, yes," she agreed. Stalin asked what reward she wanted. Marie wanted a scholarship to study beets. She got it. Such were the ideals and rewards of leadership in 1935.<sup>8</sup>

Lenin remarks that the proletarian revolution is made by ordinary people, not superhumans. But ordinary people can perform superhuman deeds when they see themselves moving history and civilization forward, and when their leaders really lead. The Stakhanovite movement proved this. Stalin (and this is one of the reasons he is so hated by all reactionaries) was such a leader to the Soviet people. Even today, more than twenty years after Khrushchov officially expunged him from Soviet history, the Soviet people, most of them, anyway, still regard him with affection. Hedrick Smith is at a loss when confronted by this fact. He devotes a whole chapter of his book on the Soviet Union to the Soviet

8. Strong, *op. cit.*, p. 51.

people's incomprehensible (for Hedrick Smith) attachment to Stalin. He cites "Yuri, the young metallurgical worker in his twenties: 'You want to know what the workers think? Do you know the saying, "The Russians need a strong back"? It means that Russians need a leader who is strong to stand behind his broad back. That saying was more important under Stalin than now. But it is still important. That is how the workers feel. They want a strong leader, like Stalin, and they don't think Brezhnev is that type.'"<sup>9</sup>

The problem is not Brezhnev's personality (Stalin was not at all charismatic as an individual), but the fact that Brezhnev and his cronies are not moving with history. Thus they are unable to create the conditions for a second Stakhanovite movement (or a third: the defeat of Hitler was the second), for a movement to unleash the potential lying dormant within the socialist productive forces, which alone can solve the economic problems facing the country. Instead of seeking to unleash the creativity of their great people they stifle it. They cause demoralization and alienation because of their own reformist and uncreative leadership, their privileges, their pettiness and mediocrity. Yuri the metal-worker did not learn about Stalin in school or from the Communist Party, because Stalin has been virtually wiped from the pages of official Soviet history, although lately this has begun to change somewhat. He could only have learned from his parents, grandparents and their contemporaries. This bears witness to one of the greatest weaknesses of the current leadership: their complete dishonesty based on fear of their own people. And being cowardly and dishonest and afraid of their past, how can they unleash the creativity of the people, how can they inspire the people to create new Stakhanovs and new Marie Demchenkos? They cannot. Thus, faced with objective problems, they try to solve them not politically, by mobilizing the only conscious productive force, the workers and peasants themselves, but by shuffling the existing economic structure and "tinkering" with it, hoping that it will work better.

Brezhnev, Kosygin and Co., introduced the 1965 Reform

9. Smith, *op. cit.*, p. 246.



to solve a growing problem of declining productivity growth. They failed because these were bourgeois solutions to socialist problems. It is not because they inherited these objective and unavoidable problems that Khrushchov, Brezhnev and the rest deserve to be condemned; it is because, inheriting them, they set out to solve them in a reformist, anti-Marxist, half-hearted manner. And they failed to accomplish their purpose, to raise the efficiency of industry by utilizing "economic levers," i.e., profit and loss, loans at interest, etc. In 1970, 79% of the enterprise directors interviewed in a survey in the Soviet Union said that there was no improvement in material-technical supply (i.e., the development of more technique) due to the reforms.<sup>10</sup>

### *Why Did They Fail?*

They failed because they came into contradiction, instead of working in harmony with, an objective law of socialism, the law of balanced development of the economy. This law necessitates strict central planning, especially in a situation in which there is a chronic shortage of capital. Giving too much "initiative" to individual enterprises weakens central planning and thus works against the law of balanced development. But the outcome of this contradiction is not what the restorationists claim, the destruction of the law; rather it is a dislocation in the economy which destroys the incorrect policy. Take the question of the 1965 Reform's attempt to decentralize investment.

One of the principal features of the December 1965 Reform program was the expansion of decentralized investment through enterprises' production development fund, on the very logical grounds that a director could better judge certain requirements of his own enterprise than some distant central authority. Decentralized investment was scheduled to grow to about one-fifth of total industrial investment. But, just as the share of decentralized investment was belatedly approaching this level, Premier Kosygin came out with trenchant criticism of its use for non-productive construction and for allegedly low-priority projects. The plan for

10. JEC '73, *op. cit.*, Schroeder, Gertrude, p. 39.

1974 correspondingly envisaged a sharp, absolute cutback in decentralized investment, which runs counter to the essence of the original reform program.<sup>11</sup>

Or take the question of another one of the reform measures that send the restorationists into conniptions, the supposed return to "commodity exchange" in the means of production.

The changes, as spelled out by Kosygin in 1965, were to be: extension of direct and stable producer-consumer ties throughout the economy, gradual extension of "wholesale trade in the means of production" (i.e., sale of producer goods and raw materials to producers without bureaucratic control of the movement of goods by use of special allocation of certificates); and adoption by the new supply organs of a system of incentives similar to that in industry.

... As for the transition to wholesale trade in producer goods, it was reported in late 1969 that there were 460 small wholesale stores in operation with a total turnover of 800 million rubles—less than one percent of total wholesale trade in producer goods. A successful but limited experiment in the wholesale marketing of petroleum products in several regions has also been reported. The slow progress on this front of the reform is no surprise, for its complete implementation would be tantamount to abolition of the central physical rationing of producer goods and with it, the *raison d'être* of most of the cumbersome supply apparatus. Even without bureaucratic resistance, however, the persistence, forced state of tautness in the economy makes derationing of producer goods difficult to accomplish.<sup>12</sup>

And finally, the question of the Khrushchov-Brezhnev re-orientation of the economy from emphasis on capital goods (heavy industry) to emphasis on consumer goods, a re-orientation which supposedly proves their capitalist nature. In 1966 the ratio between "A" (capital goods) and "B" (consumer goods) was 74.4% : 25.6%, *greater* than under Stalin in 1950, when it was 69 : 31.<sup>13</sup> "The Brezhnev-Kosygin administration felt that a few more years of 'Heavy Industry

11. *Ibid.*, Bush, Keith, p. 43.

12. *Ibid.*, Schroeder, p. 40.

13. Wilczynski, J., *Socialist Economic Development and Reforms*, Praeger Publ., 1972, p. 48.

First' policy would lead to a ratio of 100 : 1 and that 'B is worthy, I dare say, of more prosperity than A!' Thus beginning in 1967 the ratio began to reverse itself until by 1970 it had reached 73.4% : 26.6% — a very minor change indeed."<sup>14</sup>

In the Ninth Five Year Plan Brezhnev and Kosygin attempted further to increase production of "B" goods at the expense of "A" goods, but failed. In the newest plan, the Tenth, the amount of new capital investment is greater, relative to new consumer goods investment, than in any five year plan in Soviet history.<sup>15</sup> Brezhnev isn't even doing as well as Stalin in relatively increasing consumer goods production! So much for the "reorientation" of the economy. The point is, the law of greater relative growth of the producer goods sector as opposed to the consumer goods sector is an objective law not only of socialist but of all industrial society. There is a lot of confusion on this point. For example, many people equate heavy industry with socialism and light industry with capitalism. From this comes the erroneous theory that Cuba never went through a socialist transformation because she did not place "enough" emphasis on building heavy industry. This completely misses the point. Socialism is a system of relations among people, not between people and machines. Any economy, to be relatively self-sufficient, must develop a capital-goods sector which can reproduce not only itself, but the consumer sector as well, on an expanding scale. In socialist countries this necessity assumes a political aspect because if they do not become independent they are bound to become appendages of the imperialist states, i.e., semi-colonies or neo-colonies.<sup>16</sup> Therefore it is impossible for *any* industrialized country to change the emphasis of its industry from capital-goods to consumer-goods.

To sum up thus far. The 1965 Reform was meant to raise

14. JEC '73, *op. cit.*, Block, Herbert, p. 199.

15. Salaries are geared to go up 16-18%, as opposed to 20% in 1971-5, 26% in 1966-70, etc. (See Appendix II)

16. For an excellent discussion of Cuba's solution to the problem of building an industrial base, see Freed, J., "Long Live the Cuban Revolution," *PROLETARIAT*, vol. 2, no. 1, Summer 1976, p. 1ff.

productivity by giving local enterprise leadership more leeway in their use of resources, more incentive to conserve capital, rationalize their operations, etc. It failed because it came into contradiction with the law of balanced development of the economy. More basically, it failed because it was an attempt to solve an essentially political problem by administrative shufflings. But even if it had been, as the Lefts claim, an attempt to restore capitalism, it could not and did not do so. Objective laws of political economy cannot be changed, radically changed, abolished or negated by decrees, resolutions, maneuvers, schemes, "economic levers," bargaining, or the changing of a political "line" in a factory, farm or mine. Socialism, once it has become entrenched in a society, is not up for debate.

### *The Situation in Agriculture*

According to one classic (vintage 1967) statement of the theorists of restoration, capitalism has returned to the Soviet countryside.

In agriculture, during the past ten years and more, the Soviet revisionist ruling clique has left no stone unturned to foster a rural privileged stratum, vehemently implemented the capitalist "principle of profits" and done away with the system of socialist economic planning. It has gone to all lengths to foster the growth of private economy and encourage the free marketing of agricultural products. As a consequence, capitalist forces have become rampant in the Soviet countryside and the socialist relations of production have been completely destroyed. The socialist economy based on public ownership no longer exists in the Soviet countryside today, but has been fully replaced by private ownership by a privileged stratum and a new kulak economy. The broad masses of the peasants have once again fallen into the abyss of suffering, subject as they are to exploitation and oppression.<sup>17</sup>

This statement expressed a contradiction at the very basis of the theory of capitalist restoration. The big bourgeoisie

17. *How the Soviet Revisionists Carry on All-Round Restoration of Capitalism in the USSR*, FLP, Peking, 1967, p. 17.



(Khrushchov, Kosygin, Brezhnev, et. al.) have restored capitalism by unleashing smaller bourgeois (the kulaks and other "new bourgeois") in the countryside through decentralization, handing over the collective farms to the managers, allowing them more leeway in production in the interests of profit, and so on. In essence this "theory" says that state monopoly capitalism (the highest and last form of capitalism) develops by encouraging "free enterprise" on the pettiest level. Picture how this would work in the United States. Instead of acting the way monopolists have always acted, crushing their smaller competitors, the monopolists "of a new type" would foster small, free capitalism. If General Motors, for example, took all its capital and used it to establish small, independent auto factories throughout the United States which produced non-GM cars for the profit not of GM stockholders but the individual owners of the small factories themselves, it would be doing roughly what the restorationists claim Brezhnev and Co. have been doing in the Soviet Union, that is, giving away their ownership of the land, agricultural equipment and so on to the new kulaks, who then compete with them. Besides commenting on the originality of this view of capitalism of a new type (which it certainly is!), is there anything charitable one can say about such a theory "of a new type?"

### *Private Plots*

The whole business is carried to its logical absurdity in the theory of restoration's treatment of the question of the private plots of the collective farmers. The theory holds that whereas ordinary capitalism developed through the expropriation of the independent peasantry, the seizure of its land in the process primitive accumulation, Soviet capitalism of a new type developed in the exact opposite way, by helping the peasants produce more profits independently and by expanding their private land holdings. Let us examine this.

Private plots for collective farmers have always been a feature of Soviet and other socialist societies. The "Standard Charter of an Agricultural Artel" (1935) and "The Model

Collective Farm Charter" (1969) both define the permissible size of the peasants' private plots which they may use for their own benefit, the amount of animals each farm may possess privately, etc.<sup>18</sup>

The 1936 Soviet Constitution (still in effect today) states that small private trade by peasants of the vegetables, milk and other products produced on their plots is permitted alongside trade between the collective farms as a whole and the state.<sup>19</sup> Moreover, it has always been a feature of the Soviet economy that the collective farm, after selling its quota of products to the state at a fixed price, is permitted (even encouraged) to sell the surplus either to the state again, but at a higher price, or on the open market at whatever price the market will bear.<sup>20</sup> This permission was and is meant to encourage growth in productivity.

It is strange, then, that the aforementioned Chinese pamphlet says that when Khrushchov came to power "he abolished the system by which the agricultural products owned by the farmers were required to be sold to the state, a system which had been adopted in Stalin's time to restrict spontaneous tendencies toward capitalism."<sup>21</sup>

This statement is simply a lie; the private produce of the collective farmers was never required to be sold to the state; nor is it today in China. But two pages later the pamphlet justifies this lie by invoking Lenin, who it claims says that "capitalism will emerge wherever there is small enterprise and free exchange."<sup>22</sup>

If we are to believe this citation, Lenin thought that capitalism must have emerged in Egypt, 3000 BC, Greece, 800 BC, Rome, 200 BC, France, 800 AD, etc., since in all these societies "small enterprise and free exchange" existed, and often to a fairly high degree.

Is this what Lenin means? Hardly.

It will be worthwhile to give the entire passage from which

18. Both texts are available in Stuart, R. C., *The Collective Farm in Soviet Agriculture*, Lexington Books, 1972.

19. Constitution of the USSR, Articles 7 and 9.

20. See, for example, *Textbook of Political Economy*, *op. cit.*, pp. 678-9.

21. *How the Soviet Revisionists, etc.*, *op. cit.*, p. 23.

22. *Ibid.*, p. 25.

the restorationists have lifted the above-quoted sentence, both to show what Lenin really meant and to show the dishonesty of the restorationists, their willingness to take things out of context and thus distort their meaning beyond recognition. Lenin is discussing (in his "Report on the Tax in Kind")<sup>23</sup> the ruinous state of the economy (the time is 1921), and the fact that nascent socialism exists side by side with more powerful, older, more backward and very tenacious forms of economy. He says,

In no circumstances must we forget what we have occasion to see very often, namely, the socialist attitude of workers at state factories, who collect fuel, raw materials and food, or try to arrange a proper distribution of manufactured goods among the peasants and to deliver them with their own transport facilities. That is socialism. But alongside is small enterprise, which very often exists independently of it. Why can it do so? Because large-scale industry is not back on its feet, and socialist factories are getting perhaps only one-tenth of what they should be getting. In consequence, small enterprise remains independent of the socialist factories. The incredible havoc, the shortage of fuel, raw materials and transport facilities allow small enterprise to exist separately from socialism. I ask you: What is state capitalism in these circumstances? It is the amalgamation of small-scale production. Capital amalgamates small enterprises and grows out of them. It is no use closing our eyes to this fact. Of course, a free market means a growth of capitalism; there's no getting away from the fact. And anyone who tries to do so will be deluding himself. *Capitalism will emerge wherever there is small enterprise and free exchange.* But are we to be afraid of it, if we have control of the factories, transport and foreign trade? Let me repeat what I said then. I believe it to be incontrovertible that we need have no fear of this capitalism. Concessions are that kind of capitalism. (emphasis added.)

Lenin is speaking of a situation in which there is no homogenous socialist economy, no link between town and country, where there is free trade in land, rent, etc. *Under these circumstances*, small enterprise and free exchange inevitably give rise to capitalism. But *even under these circumstances*, the proletariat has nothing to fear from this

23. Lenin, V. I., "Report on the Tax in Kind," *CW, op. cit.*, vol. 32, p. 296.

sort of capitalism as long as it has control of the factories, transport and foreign trade. What, then, of a situation in which there is a vast, highly developed socialist agriculture holding sway over the production and distribution of the staple crops (wheat, other grains, meat, corn, etc.)? Does *here* small independent buying and selling inevitably lead to capitalism? If we answer yes, we must say that the 1936 (Stalin) Constitution encourages capitalism in Article 9<sup>24</sup> in allowing for private proprietorship of small plots and the products coming from them. We must say that capitalism has been emerging in the Soviet Union ever since the Revolution, since there has always been free trade in agricultural products on both the individual and collective farm levels, although within limitations. More than that we must completely abandon the standpoint of dialectical materialism, which teaches that it is not enough to look at something in isolation, we must also see its history and the environment in which it exists. In the ancient world Ptolemy's theory that the Earth was the center of the universe was accepted, and all calculations were done on the basis of it. When the Copernican theory that the Sun was the center of the solar system was adopted on the basis of scientific proof, Ptolemy's theory remained in existence, but in a dwarfed state. To say that the existence of private plots next to the collective farms in the Soviet Union today "inevitably" gives rise to capitalism is the same as saying that the continued existence of the Ptolemaic theory of the universe next to the Copernican theory "inevitably" gives rise to the belief that the Earth is the center of the universe, even though the correct, Copernican theory is the one used, day in and day out, in science, industry, exploration and the development of man's knowledge.

Today in the Soviet Union it is illegal to combine private plots, to buy and sell the land, or to employ hired labor on the plots. The very basis of capitalism has been done away with both objectively, by the development of the economy, and subjectively, in law.<sup>25</sup>

There is no question that the private plots play a very im-

24. Soviet Constitution, Art. 9.

25. See Charter in Stuart, *op. cit.*, p. 223.



portant economic role in the Soviet Union. "The private sector has specialized in potatoes, of which it contributes about 65% of total output; other vegetables, 40% of total output; meat and milk, 35% of total output, and eggs, 50% of total output."<sup>26</sup> But in the last 20 years the percentage of total family income coming from the plots and other subsidiary industry has declined from 42% in 1958 to 30.9% in 1969.<sup>27</sup> Rather a different picture than the one painted by the restorationists of "rampant" proliferation of the private economy.

Agriculture has not been able to develop in the Soviet Union to as high a level as would be desirable. Besides geographical limitations (the best arable land in the whole country is at the same latitude as North Dakota) there are objective and subjective reasons for this. The Stalin economy had to build heavy industry at the expense of agriculture. The latter's mechanization has never reached the level at which it could begin to approach the productivity of US agriculture, for example. That is the objective side. On the subjective side, Khrushchov badly mismanaged and set back the development of Soviet agriculture, and the country has been paying for it ever since. First he sold the Machine and Tractor Stations to the collective farms, which decimated the latter's cash reserves and burdened them with quickly obsolete heavy machinery. Later he invested huge amounts of labor and capital in the Virgin Soil campaign, which turned into a fiasco.<sup>28</sup>

For these and other reasons related to the morale and enthusiasm of the workforce, the gap between town and country has not been narrowed in the past twenty years, as it will have to be if communism is to be obtained. If anything it has widened somewhat because of the harmful, anti-Marxist

26. JEC '73, *op. cit.*, Diamond, D.B., and Krueger, C.B., p. 325.

27. *Ibid.*

28. Giuseppe Boffa (former Moscow correspondent for the Italian Communist Party daily *L'Unità*) describes from a pro-Khrushchov standpoint Molotov's position on agriculture. "He opposed the plowing up of the virgin lands on the grounds that it was an expensive gamble, sure to fail." This went along with his opposition to decentralization measures, "fearing that they would weaken the authority of the state." (*The Khrushchov Era*, publ. by Marzani and Munsell, NY, 1959, p. 108)

policies of the Soviet leadership, which boil down to a refusal to take positive action to raise the cultural level of the farms and bring them more into line with urban standards. They are paying the price for this failure. More and more young workers, the very ones needed to build agriculture, are leaving the farms and going to the cities where they can get a better deal.

But capitalism restored?

In agriculture, as in other areas of the economy, the laws of socialism, once established, operate objectively, independent of the will of men. The private economy coexisting with the collective and state sectors has remained important, but only quantitatively. In no way can it have a decisive effect on the relations of production.<sup>29</sup> All the claims made by the restorationists about the return to the family farm, the new kulak class, are warped hallucinations. In fact, recent developments in the Soviet Union, stemming from the critical state of agriculture, prove anew the objectivity of socialist laws, including the inevitability, as socialism advances, of the narrowing of the gap between town and country, a motion hitherto blocked by the policies of the Party leadership.

These developments involve the industrialization of the farms by making them into "production associations." Under the industrialization program, the collective farms will eventually be done away with and replaced by "associations" of farms "in which the production of particular agricultural commodities will be concentrated. The intention is that association members would pool their resources in order to finance the scientific and technological advances which an

29. The vacillating policies of the Soviet Leadership on the question of the private plots show two things: first, that while not liking the continued vitality of the plot system from an ideological and practical standpoint (the more the peasants work on their plots, the less they work collectively on the common land, to the detriment of the latter), they do not feel ultimately threatened by them; second, that the existence of substantial private trade in vegetables, eggs, milk, etc., actually helps the central apparatus by taking pressure off of it to produce these things itself. Withal, the long-term trend is for the plots to play less of an economic role, in keeping with the (at times slow and zig-zaggy) movement toward communism. (See footnote 27 above.)

individual farm could not afford."<sup>30</sup> The Soviet document introducing the reform actually speaks in terms of agricultural "factories," the linking of industry and agriculture, farming "complexes," "combines," etc. Within these large complexes small teams of about six men and/or women will be responsible for sections of land, and will work them year around. This is the "link" system which the restorationists point to in order to "prove" the return to the capitalist family farm. It is nothing of the kind. It is an attempt to raise productivity.

As Victor Zorza says,

The man who is sent to weed one field today, and to plow another field tomorrow, is paid a set rate, and has no great concern about the result of his work.

But in the link, the earnings of the men depend on how well they have looked after their "own" fields throughout the year, and on the yields they have obtained. The Soviet press has repeatedly given instances of links which have grown yields twice as large, and sometimes four times as large, as those on neighboring fields.<sup>31</sup>

The industrialization of farming will develop parallel with the spread of the link system, according to the resolution. It will include greater specialization of individual farm complexes for the purpose of greater productivity, the further mechanization of agriculture, and other advances which, unlike the 1965 Reform, conform to the objective laws of socialism, specifically the gradual obliteration of any essential distinction between town and country. To the restorationists, who complain about the link system being a return to individual farming, one can reply: If I work in a factory and every day go to one department and work on one machine, instead of moving around from department to department, working one job one day, another job the next, does that mean that I "own" that machine or that I am returning to individual handicraft?

One hopes that measures such as the industrialization of farming succeed, and that Soviet agriculture moves ahead.

30. Zorza, Victor, "The Soviet Experiment in Agriculture," *Christian Science Monitor*, 25 June 1976, p. 27.

31. *Ibid.*

But it should be clear that even correct economic measures will not solve fundamental problems of the economy unless they are accompanied by a real and thorough political cleansing of the entire Party through an honest evaluation of the economic and political problems of the country over the past twenty years. But as long as the leadership sell their birthright for a mess of pottage—dachas, fancy clothes, big cars, and other privileges, and justify them theoretically by revising and reducing Marxism to empty banalities, it is clear that they will be incapable of initiating such a cleansing—because the first thing to go would be them, and they know it.

### *The Black Market*

There is no question a large black market exists today in the USSR; a lot has been written about it in the Soviet as well as Western press. Connected with it is a great deal of speculation in the private economy, and a transfer of public property into private hands for the purpose of personal use and profit. But it is not enough merely to point these things out and thereby “prove” either that capitalism has been restored, as the Lefts do, or that man is inherently corrupt, as their mentors the bourgeoisie themselves do. We must examine both the objective situation which leads to a tendency toward speculation and corruption, and the subjective factors which strengthen these tendencies and allow them to develop instead of be defeated.

A widespread black market, mainly in consumer goods, makes sense once one understands the conditions in which it has arisen. The most important of these are: 1) constantly rising real wages, and with them purchasing power, among the Soviet working people, and 2) a chronic, historically determined shortage of consumer goods. Since 1950 personal savings multiplied 32 times, but there is not enough to buy with this accumulated money. There is a tremendous demand for consumer goods and a very scarce supply of desirable goods, the perfect soil for blackmarketing. There is a very different situation, it should be pointed out, from the typical state of affairs under capitalism “of the old type,”



which is characterized by a glut of commodities and a scarce demand due to poverty of the working people, both employed and unemployed.

Everyone, it seems, who has been to the Soviet Union from Europe or America has a story to tell about being offered large sums of money for his or her jeans, Italian shoes, Beatles records, etc. The restorationists, monkish creatures that they are, "prove" by these examples that Soviet society is corrupt and "bourgeois" for giving rise to such illicit desires. As if there were something inherently immoral about jeans or rock music. But in the Soviet Union the love of rock or soul music is no more evidence of a bourgeois outlook than it is here, as Hedrick Smith found out to his own shock:

I recall a tall young Russian, so fanatic a rock fan that he took the incredible risk of sneaking past the armed Soviet guards into the American Embassy one night to see a movie of the Beatles' famous *Concert for Bangladesh* and got away with it. He argued with his father, a Party man, about Stalin . . . . It was a stunning reversal of the usual roles that Westerners assume are played by the father and son in Russia when Stalin is discussed:

"I think the country needed a Stalin at that time," the young man, a Komsomol activist, declared.

"What?" challenged the father. "At the cost of twenty million lives?"

The son backed off a bit, but held to his basic argument. "Well, obviously the terror was excessive and unfortunate. But maybe Stalin had to use such force to pull the country together. It was necessary for that time."

Not a bad defense given the fact that the truth about Stalin, collectivization and so on has been systematically suppressed for twenty years. And from a fanatical rock fan.

It is specific conditions of Soviet *socialism*—a shortage of consumer goods due to historical reasons, and large sums of "extra" cash in the hands of the workers and peasants, their socialist wages—which have given rise to an extensive black market. But does this mean that a proliferation of corruption is inevitable or desirable? No. Here is where the question of policy and leadership becomes decisive. Under

Stalin the same conditions existed to a considerable degree, yet there was not the same flowering of thievery of state property, speculation, and the rest. One can see why if one looks at the moral tone and direction of his leadership and compares it with that of the Khrushchov-Brezhnev regimes. The latter operate in a wide-spread atmosphere of privilege. Throughout the country there are special stores which only the elite who possess special "certificate" rubles can shop in. Naturally a state of affairs such as this gives rise to cynicism and a desire on the part of lesser leaders and even ordinary people to get a little piece of the action themselves. Why should they miss out on the goodies? On the other hand they resent the pettiness of the elite, and many people refuse to engage in this privileged behavior. The accountant of a state farm tells Hedrick Smith:

"The intelligentsia may dream of democracy but the huge mass of people dream of Stalin—his strong power. They are not reactionary but they are being mistreated by their petty bosses, who cheat and exploit them, suppress them. They want a strong boss to "put shoes on" the petty bosses. They know that under Stalin (economic) conditions were not as good, but the state farm directors and other officials were not robbing them under Stalin, were not mocking them. There was a check on local authorities."<sup>33</sup>

There is clearly a great deal of corruption, stealing and other bourgeois excrescences in the Soviet Union. There is doubtless some measure of "capitalism," even, outside the regular economy. For example, a worker, upon finishing his regular job, might earn some extra money by working for an underground speculator who has acquired by foul means some second-hand sewing machinery from a friend high up in a textile combine, and opened up a basement boutique producing miniskirts and maxidresses. But such industry, like the legal private economy, is peripheral to the economy as a whole and in no way can have a decisive effect on Soviet life. In the vast majority of cases, moreover, it is too petty or individual to be capitalistic in a real sense. If and when it gets too big or extensive and begins to interfere with the

33. *Ibid.*, p. 246.

running of the economy, as it did in Georgia recently, it is suppressed by the central authority.<sup>34</sup>

This is important and shows the predicament the Soviet leadership is in. On the one hand they look the other way and even welcome the black market, because it releases a lot of consumer pressure which the central economy cannot satisfy. (In this sense it is like the private economy in farm produce, which relieves the planning apparatus of the need to satisfy all consumer demands for produce.) But on the other hand, Brezhnev and Co. must fight against corruption which, if it goes too far, has a bad effect on the economy. Public property stolen by private individuals ceases to be productive, and capital is too short to begin with. Laziness and mismanagement, an atmosphere of corruption and cynicism, also leads to a lowering of productivity in enterprises, the very thing which must be raised if the economy is to grow and the people remain contented enough to put up with their leaders.

In the final analysis, Brezhnev and Company's survival—and they know this better than anyone else—rests on their ability to maintain rising living standards for the people based on greater productivity of labor. ("Labor productivity is what counts most in the final analysis, the essential for the victory of the new social order," said Lenin.) Distortions and perversions in the Soviet economy caused by corruption and inept management hinder the growth of production not only directly but by causing cynicism and apathy among the workforce, who simply don't work as hard.<sup>35</sup> Hence corruption after a certain point must be

34. Five factory directors were sentenced to death for embezzling millions of dollars in a phony vegetable-canning deal. Similarly, a French journalist wrote in 1975, "This year's 14th death sentence was recently handed down against a factory director convicted of large-scale graft." (Fontaine, Andre, *Manchester Guardian Weekly*, 11 September 1975, p. 14)

35. In Poland, for example, a recent study "revealed that the utilization of the working time in Polish enterprises ranges from 70 to 80 per cent, i.e., the daily working time, instead of being eight hours, in practice amounts to only 5.5-6.0 hours owing to 'conversations with workmates, loafing, late commencement and early finishing of the work day, reading in work time, excessively long breaks for morning tea, etc.'" (Wilczynski, *op. cit.*, p. 141). Further, Fontaine (*op. cit.*) remarks, "A visitor to any Soviet firm

fought by the very people who have encouraged it by their own elitist behavior, demoralizing hypocrisy and mediocrity, and dishonesty. So far Brezhnev has been able to balance these two irreconcilables—denouncing corruption in form, all the while living his privileged life. But how long he can continue is strictly determined by how long he is able to keep the peoples' living standards going up.

The reader should understand that the leadership is serious about getting rid of corruption which affects the economy. Most of the death sentences passed in the USSR are for "economic crimes," speculation, graft, stealing, etc. That is, practically the only people sentenced to death are the "capitalists," the large-scale thieves. When has a capitalist ever been sentenced to death in a capitalist country? Another difference between the Soviet and capitalist systems.

can't help being struck by the relaxed, perhaps overly casual, atmosphere. People are obviously obsessed neither by time nor production pressures. In this connection, I can't resist quoting the comeback an Intourist hostess gave a French industrialist who noted at the end of his two-week stay that obviously 'people don't overexert themselves in Soviet factories.'

"The Intourist girl replied: 'And what if that were socialism's advantage?' Her remark provides food for thought, to say the least."



## 5

## The Productivity Problem

Brezhnev, as I noted earlier, makes no mention at all of the 1965 Reform in his address to the Twenty-fifth Congress of the CPSU, (see page 42, above) because it has been scrapped. Instead he states, quite correctly,

Comrades, in order to carry out successfully the diverse economic and social tasks facing the country, there is no other way than that of promoting the *rapid growth of labor productivity in achieving a steep rise of efficiency in all areas of social production*. Emphasis on efficiency—and this must be repeated again and again—is the *key component* of our entire economic strategy.

In the 1980's the fulfillment of this task will become especially pressing. This is chiefly due to an aggravation of the problem of labor resources. We shall have to rely not on enlisting additional labor power but solely on increasing labor productivity. A sharp reduction of the proportion of manual labor and comprehensive mechanization and automation of production are becoming an indispensable condition of economic progress.<sup>1</sup>

This passage stands in contrast to the generally self-congratulatory, pollyannish, stereotyped tone of most of the rest of the address. The problem of labor productivity is too important to be slurred over; it is the key to all other problems in the economy. Soviet productivity is 54% that of the United States; in agriculture it is only 20-25%.<sup>2</sup> A high percentage (80% in farming) of labor is still done by hand.

1. Brezhnev, *op. cit.*, p. 52.

2. JEC '73, *op. cit.*, Whitehouse, F.D., and Havelka, J. F., pp. 341ff.

Also, there has been a steady decline in the growth of productivity during the Khrushchov-Brezhnev period.

In the period of the Seven-Year Plan (1959-66, although the plan was scrapped and replaced with the Seventh and Eighth Five Year Plans), the actual growth of productivity was 42%, 16% lower than planned. In 1966-70, the Eighth Five Year Plan, the increase was 32.4%, short of the goal of 33-35%. The need to raise the productivity of labor exists within both the capitalist and socialist systems, but for different reasons. Under capitalism the capitalist must produce more commodities with less labor than his competitors in order to sell them at a lower price, thus increasing his gross sales and profits. Under socialism it is a question of producing more useful products with less labor, easing the burden on the individual worker by relying more on machinery, and producing more social wealth to be enjoyed by the whole people in accordance with the basic law of socialism, which can operate only (as Stalin points out) on the basis of higher techniques.

Under capitalism there are two principal ways of raising productivity: Speed-up, the intensification of the labor process with the given machinery; and the introduction of new, more productive machinery and other labor-saving devices. Often the two are used together. Although capital makes liberal use of speed-up, as we know all too well, it is only in its use of the second method, the revolutionizing of technology, that it becomes a world historical force able to change fundamentally the whole basis of society in virtually no time at all.

Socialism cannot use, except incidentally, the first method of raising productivity, the coercion of the worker into speeding up production, forced overtime, and so forth. And this is not only and not merely for reasons of morality, as will be shown in the next section, on the status of the Soviet worker.

Therefore, the revolutionizing of technology becomes even more important under socialism than it is under capitalism. As Marx says, "Once given the general basis of the capitalistic system, then, in the course of accumulation, a point is reached at which the development of the productivity of social

labour becomes the most powerful lever of accumulation."<sup>3</sup>

A society can introduce new technique in two ways: develop it or import it. The Soviet Union is doing the latter as much as possible but there is a definite limit to its foreign reserves. In the final analysis the first method is the key; the Soviets must revolutionize their own industry by themselves. But that takes capital too. And besides capital it takes a great deal of scientific education, experimentation, creativity and effort on the part of the productive forces themselves, the workers, who are very often the ones who originate improvements or at least the ideas for improvements which can advance technology. It takes an increasingly motivated and polytechnically trained work force.

The Soviet economy in its present state is less and less able to solve the problem of revolutionizing its technical base. It is becoming shorter and shorter of not only new labor power, but new capital, to invest.

The Soviet economy must, as it has always done, raise the real wages of the work force every year. This is the sole condition of the continued existence of the leadership: they *must* deliver on at least a large portion of their promises to their workers in conformity with the basic law of socialism. But during the last fifteen years there has been a gradual slowdown in economic growth reflecting a decline in the rate of new capital invested in production, growth of the labor force, and increase of productivity.

What is the result of this trend? It is that out of the total product created by the entire economy, a smaller and smaller portion of it can be reinvested in expanding production. A simple equation will illustrate this.

Take  $P$  as the total social product. Under socialism,  $P$  is divided into two parts: Wages ( $W$ ) which represent all direct and indirect benefits the workers receive (salaries, rent subsidies, daycare facilities, free vacations with pay, pensions, free schools, medical care, and so on) as means of con-

3. Marx, *Capital*, *op. cit.*, p. 621.

4. "The Russians imported 9.4 billion dollars' worth of goods from seven Western nations in 1975, running up their worst trade deficit in at least 20 years—3.4 billion." (*U.S. News and World Report*, 27 September 1976, p. 43) Most of these were capital goods.

sumption; and Capital ( $C$ ) which represents that part of the social product which instead of being consumed by the people directly or indirectly is reinvested not only to replace the worn-out means of production but to expand, qualitatively as well as quantitatively, industry and agriculture.

Thus,  $P$  (total product) =  $W$  (all wages) +  $C$  (capital)<sup>5</sup>

Now, it stands to reason that if  $W$  grows faster than  $P$ , this will affect the growth of  $C$ .  $C$  will not grow as fast. In other words, all things remaining equal, wages can only grow at the expense of capital if wages grow at a faster rate than the total product of labor. And in fact this has been the situation in the Soviet economy for fifteen years. Out of total production, a smaller and smaller part can be reinvested in industry because a larger and larger portion must be used as wage increases. The growth of capital "input" declines relatively along with the raising of wages.

The solution is to increase the productivity of the capital input, which is another way of saying, the productivity of labor. Given the original equation,  $P = W + C$ , then if  $P$  (production) can be made to increase faster than  $W$  (wages), then more  $C$  (capital) can be invested in modernizing and expanding industry. But production can expand faster than wages only if the workers, in the same amount of time and with the same amount of labor, produce more products, that is, more wealth. And this is precisely what is not happening to a sufficient degree in the Soviet Union.

Thus there is a very serious problem, a critical problem for the socialist economy, because it does not have the release valves that capitalism has: cutbacks in production, layoffs, speedup, heightened exploitation of its colonial reserves. The following table, showing declining growth rates, gives the statistical evidence for the existence of the problem:<sup>6</sup>

5. See Stalin, *Economic Problems, etc.*, *op. cit.*, p. 17, for a discussion of why there is no such thing as "surplus" as opposed to "necessary" labor under socialism. For this reason, in my equation, there are only  $W$  and  $C$ , no third term representing surplus, as there is under capitalism.

6. JEC '73, *op. cit.*, Noren and Whitehouse, p. 221. *U.S. News and World Report*, quoting the new CIA report on the Soviet economy (See Ch. 4, footnote 6) says, "One serious Soviet problem, as viewed by the CIA, is 'the



	1951-60	61-5	66-70	71-5 (plan)
Input production	9.9% growth	7.2%	7.0%	8.0% (6% in fact)*
Inputs:				
Employment growth	4.0% growth	3.9	2.9	1.3
Capital inputs	11.5% growth	11.2	8.7	8.4
Employment & cap.	7.1% growth	6.9	5.3	4.3

\*The plan called for 8%, but only 6% growth was achieved.

The figures in all categories are declining steadily. Capital investment is declining (from an 11.5% rise to an 8.4% rise), the growth of the labor force is declining (4.0% to 1.3%), and total "input" (investment capital and wages) growth is declining year by year (9.9% to 6.0%).

So, while there are no negative figures, no absolute declines in growth characteristic of capitalist recessions and depressions, the economy is growing more slowly every year.

It is inevitable that, other things remaining equal, the situation will lead to a very serious economic and political dislocation caused by a trend toward zero economic growth.

Brezhnev and the rest of the Soviet leadership are very much aware of this danger. They are also aware that their status as leaders will mean nothing unless they can improve the situation. This is the reason for the new, Tenth Five Year Plan's emphasis on increasing productivity and "quality" rather than making massive increases in capital investment. It is also the reason for the reverse of the trend (in the Ninth Plan) toward greater expansion of consumer goods at the expense of capital goods; and for a slower rate of growth of real wages (18% over five years) than in previous plans; wages will continue to rise, but at a slower annual rate. This, Brezhnev no doubt hopes, will help to redress the imbalance shown in the previous equation, where wages have been rising at a faster rate than the total social product, thus leaving less of the product left over to become investment capital for the expansion of the

low rate of growth projected for capital investment. The average annual rate of 3½% is only about half that recorded in the three previous five-year plan periods.' " The slowing trend, therefore, is continuing.

economy.

So, also, the continued attempts to increase the import of advanced technology from Western Europe, the United States and Japan, and the emphasis on detente, which would lead, ideally, to less money being spent on the military and more on expanding the economy and the consumer sector. So, finally, the increase (contrary to what the restorationists say) in material incentives to the actual producers as opposed to the managers, who before were getting more than their share of the bonus funds.<sup>7</sup>

7. JEC '73, *op. cit.*, Schroeder, p. 34.



## PART THREE

# *POLITICAL ECONOMY* *(II)*

There is no power on Earth that can turn back the wheel of history.

— V. M. Molotov, Address to Moscow  
Conference, December, 1954



PART I

# POLITICAL ECONOMY

THEORY AND PRACTICE  
OF THE  
POLITICAL ECONOMY  
OF THE  
UNITED STATES

## Introduction

It remains for us, in our investigation of the Soviet economy, to examine four assertions made by the theorists of capitalist restoration to support their contention that monopoly capitalism "of a new type" has been brought back to the USSR, and that because of this the country is an aggressive imperialist power, the number one enemy of the people of the world, etc. They are:

- 1) Labor power is a commodity;
- 2) There exists massive unemployment;
- 3) Finance capital is exported to other countries;
- 4) The economy is based on militarism and preparation for war.

## 6

## Is Labor Power a Commodity?

According to the theory of capitalist restoration, "... the enterprises of socialist ownership have been turned into capitalist undertakings owned by a bourgeois privileged stratum, and broad sections of working people in industry and agriculture into wage slaves who have to sell their labor power."<sup>1</sup>

The question of whether or not the worker sells his labor power as a commodity in the Soviet Union can be stated in another way. Does he get paid according to his production, or is he paid according to the market price of labor power—a market price that necessarily and at all times presupposes a reserve army of unemployed. (Without the reserve army of unemployed there cannot be competition for jobs and therefore no possibility of setting a price [wage] for a labor power that is not yet expended.)

In capitalist society the value of labor power, that is, the average wage, is defined as "the cost for maintaining the worker as a worker and of developing him into a worker,"<sup>2</sup> and "is determined by the value of the necessities of life habitually required by the average labourer."<sup>3</sup>

Under capitalism wages as a whole tend toward the minimum. "The cost of production of simple labor power, therefore, amounts to the cost of the existence and

1. *How the Soviet Revisionists, etc.*, *op. cit.* p. 4.

2. Marx, "Wage Labor and Capital," *op. cit.*, p. 262.

3. Marx, *Capital*, *op. cit.*, p. 519.

reproduction of the worker."<sup>4</sup> In calculating the average wage one must take into account the entire working population over a long period of time, the unemployed as well as the employed, the workers in colonial as well as the imperialist countries. Then it will be seen that the average wage tends toward the minimum and that the minimum tends downward. Over a period this motion leads to what Marx calls "absolute impoverishment," a decline in living standards. This is the inevitable effect of capitalist development. In a classic statement he describes it: "Accumulation of wealth at one pole is, therefore, at the same time the accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole, i.e., on the side of the class that produces its own product in the form of capital."<sup>5</sup>

Is this what is happening in the Soviet Union?

No.

The average growth in real disposable income in the 1950's was 8.9% per year; it was 5.7% in 1961-65 and 6.7% since 1965. Per capita consumption has grown at the rate of 5% since 1965. Consumer prices since 1955 have averaged 77% of those in 1950.<sup>6</sup> Further:

Under Brezhnev's leadership, the average level of living in the USSR has risen yearly by amounts that most Westerners would consider exceptional. Diets have improved—more meat and other quality food and fewer starches are on the nation's tables. Consumer durables are found in more homes and are available in stores. Russian dress has improved, and the contrast with foreign clothing is less discernible. Still, the consumer's situation is a mixture of pluses and minuses. On the negative side, incomes have continued to rise faster than the supply of goods and services, perhaps forcing individuals to postpone purchases. Despite marked improvements in the level of living in the mid-1960's, the gap between the USSR and the West—or even the Bloc coun-

4. Marx, "Wage Labor and Capital," *op. cit.*, p. 263.

5. Marx, *Capital*, *op. cit.*, p. 645.

6. *Economic Performance and the Military Burden in the Soviet Union*, Joint Economic Committee, Congress of the United States, US Government Printing Office, 1970, articles entitled "Labor and Wages," by Murray Feshback and Stephen Rapawy, pp. 71ff., and "Consumer Welfare," by David W. Bronson and Barbara S. Severin, pp. 93ff.



tries—remains large.<sup>7</sup>

Clearly not an idealization of the situation. But facts are facts. Living standards are rising every year. From 1960-67 income increased 69% while personal savings increased 148% due to the lack of commodities to buy. The Soviet worker cannot buy everything he wants, not for lack of money, but for lack of the commodities. Let the skeptical reader look at the simple figures. In seven years personal savings increased more than twice as fast as income. Does this fit into a picture of growing starvation and wage slavery?

In addition, the gap between the higher and lower paid workers is *decreasing*.<sup>8</sup> Income growth has been greater on the farms than in the cities,<sup>9</sup> a refutation of the claim that there has re-emerged exploitation of the countryside by the town.

Are these rises in real income over a long period of time, unchecked by crises, inflation, depression, etc., consistent with the basic capitalist law of maximum profit based on wage labor? Political economy teaches that under capitalism profits and wages may rise simultaneously in a period of rapid economic expansion and growth of labor productivity, but that otherwise—most of the time—one can rise only at the expense of the other. If profits go up, wages go down,

7. JEC '73, *op. cit.*, Bronson, D.W., and Severin, Barbara, p. 377.

8. *Ibid.*, p. 379. See also *Problems of Communism*: "Western newsmen going to the Soviet Union always seem to discover to their shock that income and privileges are distributed unevenly, but in reporting that 'news,' they have totally missed the real news of the last decade in this realm: a continuation of the sharp reduction that began after Stalin's death in the degree of inequality of incomes in the Soviet Union. (After a most careful survey of the data, Peter Wiles asserts that 'the statistical record since Stalin is a very good one indeed. I doubt if any other country can show a more rapid and sweeping progress towards equality.') The ratio of the average earnings of the top 10 percent of Soviet workers and employees (collective farmers excluded) to the average earnings of the bottom 10 percent declined from 4.4 in 1956 to 3.7 in 1964 and to 3.2 in 1970; a ratio of 2.9 was planned for 1975. (Wiles calculates an after-tax ratio of 6.7 for the United States in 1968 and roughly 3.0 for the Eastern European countries.)" *Problems of Communism*, "The Brezhnev Era: The Man and the System," February, 1976, p. 12.

9. JEC '73, *op. cit.*, pp. 380-1.

and vice versa.<sup>10</sup> During the last fifteen years, again, there has been a declining growth in labor productivity, while wages have consistently gone up, in most cases faster than productivity. Such a state of affairs is incompatible with capitalist production. In the chapter on the general law of capitalist accumulation in Volume I of *Capital*, Marx demonstrates that under capitalism wages cannot rise above the point where they reduce quantity of unpaid labor (surplus value) necessary for the realization of normal profit. If they do so the employer will either pull his capital out of the particular enterprise and invest it elsewhere, or else force a wage cut directly or indirectly through laying off workers, raising prices (when possible), etc. "The rise of wages therefore is confined within limits that not only leave intact the foundations of the capitalist system, but also secure its reproduction on a progressive scale."<sup>11</sup>

In the USSR there are no such limits to the raising of wages. This is because socialism operates according to a different set of laws than capitalism. Socialism possesses neither the economic nor administrative means of lowering wages and by doing so increasing accumulation of the unpaid part of the workers' product which is turned into new capital, i.e., is reinvested. By administrative means I speak metaphorically. Under capitalism these means reduce themselves to coercion against the working class: strike-breaking, injunctions, wage-price controls, deportations, etc. But much more fundamental than these is the purely economic pressure that capitalism exerts on the working class to keep its wage demands "reasonable." The main basis of this pressure is unemployment and the threat of unemployment. The Soviet Union, having no unemployment, lacks this most basic condition for keeping wages from rising, lacks this most fundamental prerequisite for capitalist production. Let us deal with this question of unemployment.

10. See Chapter 25 on the general law of capitalist accumulation in Marx, *Capital*, *op. cit.*

11. *Ibid.*, p. 680.

## 7

## Is There Unemployment in the Soviet Union?

In 1966 the C.I.A., hardly an apologist for Soviet socialism, published a document on the employment situation within the USSR. It begins,

Contrary to the impression given by recent articles in the Western press, widespread unemployment does not exist at present in the Soviet Union . . . .

The current hue and cry over unemployment in the USSR relates not to a high rate of joblessness in the labor force as a whole, but rather to the existence of pockets of unemployment that have developed in recent years, largely because of the failure of existing institutions to match workers and jobs efficiently in a labor market that has become increasingly free and more complex . . . .<sup>1</sup>

Since then, as I mentioned earlier, the labor shortage has become even more acute.<sup>2</sup> What unemployment does exist is temporary and based on the fluidity of production in certain industries. One can say without fear of refutation that there is not a single individual in the entire country who would like to work but cannot due to lack of jobs. There is no industrial reserve army of the unemployed, either temporary or permanent. Under these conditions, is capitalist production possible?

But if a surplus labouring population is a necessary product of ac-

1. CIA, "Unemployment in the Soviet Union — Fact or Fiction?," Division of Intelligence, Office of Research and Report, 1966, p. 1.

2. JEC '73, *op. cit.*, p. 553.

cumulation or of the development of wealth on a capitalist basis, this surplus-population becomes, conversely, the lever of capitalistic accumulation, nay a *condition* [emphasis added] of the existence of the capitalist mode of production.<sup>3</sup>

The whole form of the movement of modern industry depends, therefore, upon the constant transformation of a part of the laboring population into unemployed or half-employed hands.<sup>4</sup>

Why is this?

Because "wage labor," say Marx and Engels in the *Communist Manifesto*, "rests *exclusively* [emphasis added] on the competition between the laborers."<sup>5</sup> The price of labor power is a reflection not only of its value (the necessities of life the worker needs to maintain himself as a worker) but of the supply and demand which operate in the "market place," the labor market. If there is a permanent shortage of supply, if it is a permanent seller's market, then the seller, the worker (or, collectively speaking, the working class) will be able to ask such a high price for his labor power that the capitalists will not be able to afford it. It is only competition among the workers caused by a shortage of jobs that drives the price of labor power down to "acceptable" levels for capitalist production. Without competition, without more workers than jobs, there can be no capitalism.

Unemployment is the fundamental condition of capitalist production. Not possessing it, the Soviet leadership is powerless against the working class. In the absence of the fundamental economic lever, no use of force (even if it were attempted, which it has not been in the USSR) can succeed. No doubt this sticks in the craws of the restorationists, who delight in painting the Soviet working class as a broken, humiliated mass of slaves, but it is true nonetheless.

The Soviet leadership from the top down, unable to force the workers to produce more or accept lower wages, can only appeal to their love of country and socialism, give them moral and material incentives, plead with them to work harder, and hope for the best. There is nothing more they can do.

3. Marx, *Capital*, *op. cit.*, p. 632.

4. *Ibid.*, p. 633.

5. Marx and Engels, *Manifesto*, *op. cit.*, p. 46 (Peking ed.)



## 8

## Does the Soviet Union Export Finance Capital?

To answer the question whether the USSR is an exploiting imperialist power, it is best first to divide it into two parts:

- A) Soviet relations with the People's Democracies, and
- B) her relations with the colonial, or "underdeveloped," world.

### *The People's Democracies*

Some theorists of the restoration put the question in the following way:

Within the framework of Comecon [the Council for Mutual Economic Assistance, which includes the USSR, the People's Democracies, Outer Mongolia and Cuba], and speculating with such demagogical slogans as the "community of interests," and the "socialist community," the modern revisionists have proclaimed a long-term program of economic integration between them. . . . This program, approved by the 24th session of the Comecon, is based on the Brezhnevian theory of "limited sovereignty." In accordance with it, 44 multi-partite agreements have been concluded in the fields of capital investments and technical and scientific "collaboration" for a 15-20 year period, apart from bipartite agreements. The program is permeated by the objective of making the economies of other countries appendages of the Soviet metropolis, complementing the Soviet market, and integrated in the Soviet economy. In this way they are gradually moving in the direction of lifting national economic boundaries and consequently also political ones, in compliance

with the hegemonistic interests of Soviet social-imperialism.<sup>1</sup>

If this sounds like the Dulles-Kennan-Churchill theory of the East European "satellites," enslaved behind the Stalinist "iron curtain," do not be surprised.

What are the facts of the matter?

First, what is Comecon, or as it is known by its other name, the Council for Mutual Economic Assistance (CMEA)? It is a socialist economic trading and producing bloc made up of the USSR, the People's Republic of Mongolia, the German Democratic Republic, Hungary, Czechoslovakia, Romania, Bulgaria, Poland, and recently Cuba. North Korea and Viet Nam are observers. Albania is still technically a member but has not participated since 1961. The People's Republic of China was an observer but does not participate. It was formed in January, 1949, as a reflection of the objective unity of the socialist camp and the necessity of embodying that unity in an economic organization capable of defending socialism against the US imperialist-inspired Marshall Plan.

Facts about Comecon disprove the ideological arguments about its being a social-imperialist master-slave type relation. For example,

In the quarter century since its existence, the national income of its member countries increased eight-fold and their industrial production twelve times as compared to a three-fold increase in the national incomes and a fourfold increase in the industrial output of developed capitalist countries.

Comecon's member countries cover 18.5% of the territory of the planet and 9.5% of its population; their share in world industry has risen from 18% in 1950 to 33% last year.<sup>2</sup>

The part of the socialist camp represented by Comecon has grown almost twice as fast economically as the rest of the world economy. The reader might recall a remark made by R. Palme Dutt more than forty years ago in which he contrasts the two halves of Europe. In the West horsepower in the form of machinery predominates in production; in the

1. Kapetani and Toci, "Revisionist Economic Integration and Its Contradictions," *Albania Today*, No. 3, May-June 1974.

2. *Christian Science Monitor*, 28 June 1974.

East it is the living horse.<sup>3</sup> It is the greatest achievement of the socialist transformation of Eastern Europe that it has wiped away forever this division, and Comecon has been the vehicle for the transformation. All of the People's Democracies are today advanced countries whose economies are firmly based in large-scale industry. In Hungary and Romania, formerly almost entirely agricultural, industry supplied over half the national product in 1972, and the proportion is growing.<sup>4</sup> Without burdening the reader too much with figures this can be illustrated with one table, which shows the proportions of "A" to "B" industries (capital- and consumer-goods, respectively; the latter are in parentheses) in the different national economies during the period 1950-67:<sup>5</sup>

	1950	1960	1967
Bulgaria	38 (62)	47 (53)	53 (47)
Czechoslovakia	47 (53)	58 (42)	60 (40)
Hungary	-- (--)	66 (34)	65 (35)
Poland	53 (47)	59 (41)	64 (36)
Romania	53 (47)	63 (37)	68 (32)
USSR	69 (31)	72 (28)	74 (26)

The extent of these countries' success in building a heavy industrial base can be seen in the fact that from 1950 to 1967 the share of machinery, installations and transport equipment in their total *exports* rose from 15 to 31%. In Bulgaria the percentage rose from 0 to 26%, in Poland from 8 to 36%.<sup>6</sup>

Such an industrialization could be carried out only through socialist transformation. History in the era of imperialism shows quite concretely that no underdeveloped non-socialist country can develop an independent economy; imperialism is too strong and would not allow it. Today all the People's Democracies are virtually fully socialist in in-

3. Dutt, R. Palme, *Fascism and Social Revolution*, 1934, Proletarian Publ. reprint, p. 252.

4. *World Almanac*, Newspaper Enterprise Association, 1974.

5. Wilczynski, *op. cit.*, p. 219.

6. *Ibid.*, p. 297.

dustry and agriculture, with the notable exception of Poland, 85% of whose land is still privately owned.

In all the Comecon countries there has been a steady rise in the standard of living of the working people. The GDR has the highest. In all the People's Democracies the standard of living is higher than in the USSR. (Strange colonies indeed!)

To explain the basis for the present economic situation, and the extraordinarily complex and contradictory nature of the relations between the People's Democracies and the Soviet Union, I must give a brief history of Comecon.

The formative period of the transformation of Eastern Europe can be broken roughly into two periods: 1) 1944-9, the end of the war, the liberation of the entire region from fascism, the beginning of economic reconstruction and the establishment of the special form of the dictatorship of the proletariat known as the people's democracy; and 2) 1949-56, the first years of socialist trade among the People's Democracies and the Soviet Union.<sup>7</sup>

Period One, 1944-9, included two stages. The first, 1944-5, characterized by extreme economic instability created by the war, culminated in the establishment of anti-fascist united front governments which set about establishing viable economies with the help of the Soviet Union. In the Eastern part of Germany, which became the GDR, some of the means of production were dismantled and sent to the Soviet Union as war reparations. But since Eastern Germany was in the process of becoming socialist, the Soviets did not exact anywhere near the amount of reparations they might have by rights (given the immeasurable destruction they had suffered at the hands of Nazi Germany). Stalin's policy was one of reconciliation with and aid to the German revolution.

During this period there was very little economic intercourse of any kind among the Eastern European countries. Trade implies surpluses, and there weren't any at this time.

The second stage of the first period, 1945-9, was charac-

7. I am indebted for many aspects of this analysis to a fine pamphlet published by the United Nations Department of Economic and Social Affairs in 1966 entitled, *Economic Integration and Industrial Specialization Among the Member Countries of the Council for Mutual Economic Assistance*, New York.



terized by increasing trade of the at first meager surpluses of the various countries, all of whom were by now in the midst of political and economic transition from capitalism (often with large feudal sectors of the economy) to socialism. Each country proceeded independently in its economic transformation, and trade among them was spontaneous. The period as a whole ended with the formation of Comecon at the beginning of 1949.

Period Two, 1949-56, marked a stepped-up tempo of industrialization of all the People's Democracies based on socialist development. How did Comecon fit into this?

Comecon was a creation of the leaders of the European section of the socialist camp, led by Stalin. These men and women, Dimitrov of Bulgaria, Gottwald of Czechoslovakia, Ulbricht of the German Democratic Republic, Rakosi of Hungary, Anna Pauker of Romania, Hoxha of Albania, were real revolutionaries. Their main concern was safeguarding the nascent socialist bloc from the economic offensive of imperialism, expressed as the Marshall Plan, a mixture of threat (the re-building of a capitalist, heavily armed Western Europe) and bribery (the holding out of goodies to the war-devastated Eastern European economies if they would fall away from Soviet influence). The Marshall Plan's purpose was first to rescue European capitalism, shaken to its foundations by the war, and second to turn it into an appendage of United States of North America imperialism.<sup>8</sup> It succeeded in Western Europe, literally financing the resurrection of the bourgeoisie and undercutting the large and influential communist parties of France, Italy and Greece through a mixture of muscle and payoffs. But it failed in Eastern Europe.

The formation of Comecon in early 1949 was instrumental in blocking the Marshallization of Eastern Europe.<sup>9</sup>

But behind this immediate purpose lay something more basic and in the final analysis more important. Comecon represented an attempt to evolve, or lay the conditions for

8. By 1952 nearly all Marshall Plan aid to Western Europe was military.

9. Further, the formation of Comecon forced the US imperialists to admit the existence of a socialist camp and the hegemony of socialism, led by the Soviet Union, over this region.

evolving, a socialist division of labor within the socialist camp, an integration of the economies of the socialist countries into a higher form of economy transcending the bourgeois category of nation-states. Because things begin to get very tricky here, let us clarify some terms.

Division of labor in production has existed in every human social formation, from the most primitive to the most advanced.<sup>10</sup> With the downfall of primitive communism and the splitting of society into exploiting and exploited classes, the concept of division of labor also "divided" so that it took on two different meanings. One division of labor exists under all forms of social production and reflects the cooperation of different kinds of producers in creating a social product. The other reflects the division of society into a non-working, exploiting sector, and the exploited, laboring majority.

Division of labor in the social act of production always existed and always will exist. The more society develops, the more complex it becomes. Capitalist society has a much more sophisticated and productive division of labor than feudal or slave society.

The other division of labor, into working and non-working classes, did not and will not always exist. Socialism abolishes exploitation and with it *this* division of labor. As it advances further, ridding itself of the birthmarks of capitalism, it also does away with the antagonism between town and country, and mental and manual labor. The higher stage of communism will maintain the division of labor or *specialization* in production and even develop it further, but not at the expense of the producers, who will be spared back-breaking and boring labor by the continued development of machinery and will be trained in many different kinds of science and art, becoming at last full human beings, able to realize the limitless potential of their species.

The advance of society from lower to higher forms is marked by the advance of the social division of labor from simpler to more complex forms based on the advance of techniques of production. Because *this* advance of the

10. See Engels, *Origin of the Family, etc.*, *op. cit.*, for a full discussion of the history of the division of labor.

division of labor takes place in intimate connection with the advance and sharpening of the *other* division of labor, between exploiter and exploited, it appears on the surface that the two are the same. Any division of labor seems by nature exploitative. This is particularly true if we look at the international division of labor as it developed under imperialism. Here we see a handful of rich, industrialized imperialist countries on one side, and the vast majority of poor, mainly agrarian, colonial countries on the other. This division of labor is obviously based on slavery and oppression. But despite appearances, division of labor in production (even internationally) is not inherently exploitative; only capitalism makes it so. Once freed of the class antagonisms of capitalism, the further development of the socialist division of labor can serve to free society still more by increasing its productivity and supplying the working people with a greater and greater abundance of wealth based on national and international economic specialization.

In short, capitalist (more specifically, imperialist) division of labor creates a growing polarization of society into a parasitic capitalist class and the masses of producers. On an international level it creates a growing polarization into a handful of rich, exploiting nations and the majority of colonial, exploited nations.

The socialist division of labor is fundamentally different. Within a country it reflects the abolition of class antagonisms and serves to increase labor productivity for the benefit of the producers themselves on the basis of more and more advanced technology. On an international level it serves to unite the socialist countries, do away with inequalities among them, and mold them into a higher and more productive unity than would be possible in any country taken singly.

It is regrettable to have to spend so much time on this basic point, but there has been so much distortion of the meaning of international division of labor, socialist division of labor, and so on, and so much leftish phrasemongering that it is necessary to be clear about what is being spoken of. The point is, there is nothing wrong with an international division of labor among socialist countries if it is carried out on the *socialist* basis of equality. The idea of complete in-

dependence of each socialist economy, known as autarky, is not only impossible in practice but reactionary in theory. It is based on bourgeois nationalism.

There can be no real equality among nations when some are economically dependent on others. Stalin and his colleagues in Eastern Europe understood this very well and set out, beginning in 1945, to do away with the backwardness of the new People's Democracies. By developing each country into a functioning, industrialized, and relatively self-sufficient economy, they laid the basis for uniting their nations on a higher level of socialist integration. Stalin, the genius on the national question, was right again, although even his most fervent admirers seldom give him credit for *this* achievement, the practical application of Leninism to the nascent People's Democracies. He understood that to unite you first have to disunite. To create the conditions for a socialist division of labor you first have to build self-sufficient (always relatively speaking) economies in all the countries to provide the only basis, equality, confidence and lack of coercion, for beginning to join the economies together on a higher level of integration and productivity.

But history played a trick. Stalin died before the policy of division of labor among socialist countries reached a very high level, either theoretically or practically. Thus his name became associated with the doctrine of the relative independence of the different socialist economies. Khrushchov and his successors became associated with the doctrine of the international socialist division of labor, and because they did in fact distort it in practice (they were and are essentially nationalists), the doctrine itself came to be seen by many people as wrong. This is exactly the same thing that happened with the internal economic policies of the Soviet Union. Stalin would have had to do many of the things his successors did in terms of developing the economy more intensively rather than extensively. He would have done it differently, but he would have done it. But because he died before he could do so, his name came to be associated with heavy, extensive industrialization, Khrushchov's and Brezhnev's with light industry, Stalin with producer goods, they with consumer goods. (And the reader will remember how Khrushchov fostered this phony division for factional



purposes, convincing many people that Stalin did not want them to have more, whereas he — Khrushchov — did.)

The policy of Stalin, Dimitrov, Pauker, Rakosi, etc., in the formation of Comecon was to create genuine equality and collaboration among the socialist countries in order to strengthen and advance the socialist camp. The rules of the Council, set forth in 1949, are completely democratic. Each country, regardless of size, has one vote. All decisions concerning the different countries must be decided unanimously; none can be forced to go along with anything it does not like. If it wants, a country may decide that it is not interested in a given problem under discussion, and thus not be bound by the decision. The essence of the matter is that Comecon is not a "supranational" body, that is, it does not have power over any of the governments of its constituent members. In this it is unlike the European Economic Community (EEC), or Common Market, which does have supranational power and is based on inequality of the various members. Voting in the Common Market is done on the basis of majority, not unanimity, and thus countries may be forced to uphold a decision which they are opposed to. Voting is unequal, the larger countries having more representation than smaller ones.<sup>11</sup>

Further, Comecon's relations with the colonial world are different in nature from the Common Market's. The Common Market restricts imports and imposes a heavy duty on those it permits in, while exporting goods to the colonies duty-free, like the imperialists they are. Comecon does none of these things. There is no discrimination against non-Comecon goods.

The development of Comecon from the end of the second period (1956) has been marked by the attempt, successful in varying degrees, to unite the economies of the different countries on higher levels. The most advanced form this has taken has been the coordination of economic plans. The Council has created different bodies made up of representatives of the member countries to study how better to exploit sources of raw materials, advance technology etc.

11. See Morozov, V., *International Economic Organizations of the Socialist State*, Novosti Publishing House, Moscow, 1973.

National economic complexes are being established more and more with the help of bilateral or multilateral agreements on specialization and the cooperation pursuant to a coordination of the national plans of the countries concerned. This contributes to a gradual integration of their economies. In this first stage, however, it would be premature to try to integrate in all instances the whole economies of all the CMEA countries. In the majority of cases, economic integration takes place between two or three neighboring countries by joining the exploitation and further working of their natural resources, located in one or the other country.<sup>12</sup>

For example,

Czechoslovakia and Poland cooperate in the development of Polish coal mines. Czechoslovakia delivers equipment on credit which is being repaid by shipments of coal for the production of power. This credit amounts to 25 million rubles. The shipments of coal will be continued for several decades after the principal and interest have been repaid. This agreement enables Poland to open mines which, for lack of capital, would not be brought into operation as rapidly, and to devote the capital economized in this way to other developing purposes. On the other hand, it enables Czechoslovakia, in using Polish coal for the production of power, to shift the utilization of its own high-quality coal to the production of coke, both for domestic consumption and for export.<sup>13</sup>

Similar agreements exist among these and other Comecon countries for the development of lignite in Poland (with the GDR), copper in Bulgaria (with Czechoslovakia), aluminum (between the Soviet Union and Hungary, between Hungary and Czechoslovakia, and between Czechoslovakia and the Soviet Union), and so on.<sup>14</sup>

All agreements are made on the basis of socialist, not capitalist, relations of production. When Czechoslovakia helps Poland build a coal mine in Poland, the mine becomes the property of Poland. When the Soviet Union helps Bulgaria build a copper mine, it belongs to Bulgaria. The means of production in each country are owned by that country.

12. UN pamphlet, *Economic Integration, etc.*, *op. cit.*, p. 14.

13. *Ibid.*, p. 19.

14. *Ibid.*

On a wider scale there have been significant multilateral projects which reflect the objective unity of the socialist camp. The two most important are the *Mir (Peace)* power grid and the *Druzhba (Friendship)* oil pipeline. The latter, 4,679 kilometers long, goes from the USSR through Czechoslovakia, Poland, Hungary and the GDR, supplying them with fuel. The former rationalizes the power of all the countries, permits cheaper electricity, the changing over of energy from one country to another in the case of emergencies, etc. It stretches 1500 km. from east to west and 1700 km. from north to south. The grid has led to savings of 40 million rubles by the countries concerned.<sup>15</sup>

The present leaders of the Soviet Union are nationalists. They see the world, and act accordingly, through the narrow prism of their privileges. Khrushchov's "de-Stalinization" program signalled to the rest of the world the temporary victory of nationalism over internationalism in the Soviet Union. In the People's Democracies, with the exception of the German Democratic Republic, Khrushchov's maneuvers, justified by revisionist theories and lying demagoguery, enabled the different nationalist groupings to carry out their own de-Stalinization programs. Almost everywhere nationalism replaced internationalism as the leading ideology at the apex of political life.

Within Comecon, the victory of opportunism created an extremely complex and contradictory situation, which still exists. On the one hand Comecon remained an embodiment on an international level of the objective laws of socialism. The leaders of the Comecon countries could not, and cannot abolish or change these laws in their relations with each other any more than Khrushchov or Brezhnev could change the internal situation in the Soviet Union. Comecon not only did not fall apart but has advanced as a fundamentally internationalist and socialist economic entity despite the nationalist orientations of most of the policy-makers within it. One outstanding example is the relationship between the GDR and Poland. Anyone familiar with the history of the relationship between the Germans and the Poles knows that

15. Morozov, *op. cit.*, p. 47.

reconciliation between them is not something that can be accomplished by waving a magic wand. But look at what happened through Comecon:

When in 1965 Mr. Ulbricht (then head of the GDR) came out with a plan for joint management of the formerly German port of Szczecin (Stettin under the Germans), Mr. Gomulka swept the plan from the table with the words: "This is equivalent to a demand by Bonn of a German stationmaster for the Paris Northern Railway Station."

Today (1974) there exists a joint Polish-East German organization "Interport," which started business on the first of this year. It is designed to coordinate the two countries' formerly competing ports and to facilitate transshipments.

This is but one example of the new economic cooperation. They now have about 160 economic agreements, including 117 cases of actual industrial cooperation and about 100 joint research projects in basic industries.<sup>16</sup>

An even more striking case of the flat contradiction between the objective unity of the socialist camp and the nationalism of many of its leaders is the position of Romania.

In 1962 Nikita Khrushchov proposed to vest Comecon with supranational powers. The proposal "failed owing to the stubborn opposition of Romania and other less developed countries. This means that intra-CMEA specialization and trade cooperation have been based on the principle of unanimity, each member country being free not to participate in any particular scheme."<sup>17</sup>

Now, is it "good" or "bad" for Romania to reject a higher level of economic integration? There is no simplistic answer to such a problem, which severely tests our understanding of the contradictory way in which social phenomena develop. Insofar as Khrushchov made his proposal from a narrow nationalist standpoint, Romania was certainly right to reject it. Insofar as he was reflecting in his proposal the objective necessity for higher levels of cooperation, Romania was wrong. A truly extraordinary situation, the blame for which falls primarily on the Soviet leaders themselves, who by their own nationalism gave rise to opposing nationalisms in the

16. *Christian Science Monitor*, 24 June 1974.

17. Wilczynski, *op. cit.*, p. 272.



other socialist countries, or at least permitted them to rise to the surface. Thus they have succeeded in blocking themselves. On the one hand they need and want to raise productivity in the socialist camp as a whole by integrating the different economies. But their own policies have served to create opposition to this move toward integration. Lenin and Stalin's correct policy toward the national question, and the only successful one, can be stated as, "You get more flies with honey than with vinegar." Khrushchov and Brezhnev have been sprinkling vinegar all over Europe for twenty years. They shouldn't be surprised that they keep getting bitten.

The flat contradiction between the objective motion of Comecon and the subjective differences among its members has been temporarily reconciled through a compromise.

... A study of CMEA history shows clearly a verbal rejection of an original emphasis on national autarky. [The guarantee by Stalin and his colleagues that no country would be economically subordinated to the Soviet Union.] The international output specialization decisions made (whether realized or not) are clearly based on the desire to reap the benefits of either optimum plant sizes or a given area's comparative advantage. But CMEA history also shows a basic ideological commitment, strengthened by nationalism, to the full and balanced economic development of each individual nation (using the law of planned proportional development). This sets definite limits on how far specialization is carried, if it is attempted at all (using the law of value). Nothing can better illustrate this point than the violent and quick reaction by all participants to the Valev proposal of 1964. In an article in a Moscow University journal, he had proposed, as a first step toward joint bloc-wide economic planning, the creation of an integrated economy under CMEA direction in the Danube-Black Sea area, covering 42% of Romanian, 34% of Bulgarian, and .05% of Soviet territory and ignoring national boundaries. [The proposal was dropped because of the outraged reactions on the part of the People's Democracies, and was never heard from again.] Just as the making of one joint plan in the absence of factor movements has been rejected, the movement of labor and capital across national boundaries is negligible [sic]. National plans, separately made, but "attuned" to each other is as far as one is willing to go.

Characteristically, present policy is described as "middle road"

between autarky and complete one-sided specialization (which *would* make for drastic structural changes in output and input use), but that "middle road" is in fact not so much in the middle and terribly close to autarky.<sup>18</sup>

One cannot help but wonder at what a strange lot of "capitalists of a new type" these Soviet leaders are, putting forth their "great chauvinist and imperialist" schemes in the form of university magazine articles, and then promptly backing away from them the moment they are criticized by their colonial slaves. Rising, young, brutal imperialists indeed! Yet it is these people who are being painted by the real fascists — from Reagan to Teng Hsiao-ping to his New Left lapdogs — as the main enemy of the peoples of the world today, whom we are supposed to go to war against.

We are justified in drawing certain conclusions based on facts:

1) All the CMEA countries are socialist, with well-balanced economies based on heavy industry; they are all as economically self-sufficient as any country can be in the present-day world;

2) There is no material basis, then, for "breaking the rules" of Comecon set up by Stalin and the Marxist leaders of the People's Democracies in 1949;

3) There is no evidence that in fact these rules have been broken; all evidence points to the opposite conclusion, e.g., that even small Romania can successfully stand up to the Soviet Union, whether for good or bad reasons;<sup>19</sup>

18. Kohler, Heinz, *Economic Integration in the Soviet Bloc*, Praeger Publ., NY, 1965, p. 365.

19. "... Contrary to postwar prediction, there is no Soviet empire in Eastern Europe, the invasion of Czechoslovakia notwithstanding. East European Communist states have retained their national identities, have resisted extensive economic integration, and have kept national control of their armed forces." Remington, Allison Robinson, *The Warsaw Pact: Case Studies in Communist Conflict Resolution*, MIT Press, 1971, p. 6. I shall have occasion to return to this fine book. It is interesting that one of Ms. Remington's sources for this conclusion is Zbigniew Brzezinski. Related to this, it is a sad commentary on US politics that ex-President Ford hurt his 1976 campaign more by his remark that the Soviet Union does not dominate Eastern Europe than by anything else, seeing that this is perhaps the one true thing he said.

4) Therefore, the current charge of the theorists of restoration the world over, echoes of the international bourgeoisie's howling in the past about the Stalinist jackboot crushing the peoples of Eastern Europe, reduces itself to baseless slanders;

5) The socialist camp is an objective entity which is (as will be seen in the discussion of the military situation) inviolable; the charge put forward especially by Teng Hsiao-ping in 1974 that there is no more socialist camp represents nothing but the wishful thinking of world reaction. That there are sharp contradictions among the socialist countries is indisputable, but these, like the contradictions remaining under socialism in general, which can and do often become very acute and even violent, can be solved peacefully with the sharpening of the class struggle against external imperialism and the enemies of socialism within socialism.

Summing up, one is justified in saying that the motion of the Comecon countries in the last thirty years, their forward economic and social motion, their drawing together instead of being polarized into rich and poor, corresponds to the economic laws of socialism, not capitalism. The Soviet Union can no more exploit the People's Democracies than it can exploit its own workers.

We cannot analyse in depth the economies of the People's Democracies, but they do suffer in large part from the same objective and subjective shortcomings, in varying degrees, as the Soviet Union. On the objective side, Eastern Europe has suffered from the same history of backwardness and oppression as old Russia itself, and it would be unfair to compare the People's Democracies' present economic status with that of Western Europe, the latter having a longer history of industrialization, the benefit of the Marshall Plan and the historical "privilege" of exploiting the colonial world, which Eastern Europe has not. The only fair comparison is between the People's Democracies of 1946 and 1976, and between the People's Democracies at present and the Soviet Union at present. In this light they come off extremely well, although the subjective weaknesses of many of the leaders, their revisionism and nationalism, have exaggerated old problems and created new ones.

For example, the recent attempt of the Polish government to raise food prices, and its immediate retreat when faced with resistance from the workers. In an article entitled "The Proletariat At Last Dictated," a British journalist points out, "The lesson of these events will be studied carefully and with considerable concern in the communist world, as well as in the West. Poland's workers have once again demonstrated a personal muscle to the dictatorship of the proletariat which is not the kind that the Kremlin and its supporters in the other Eastern bloc countries like to see."<sup>20</sup>

The very critical situation in Poland which necessitated the attempt at raising prices can be understood if it is kept in mind that 85% of Polish land is still privately owned. There is still capitalism (of the old type) in agriculture coexisting with socialist industry. The state in the past has subsidized agriculture by paying the farmers more for grain than it charged the workers for bread, thus keeping prices artificially low. But they cannot afford to do so any longer. The antagonism between (mainly petty, outmoded) capitalist farming and socialist industry has come to the surface; they can no longer "peacefully coexist" through government subsidy. In the Soviet Union the same situation existed in 1928; the only answer was collectivization of agriculture through the destruction of the *kulaks*, the capitalist farmers, as a class. If socialism had not destroyed capitalism, capitalism would have destroyed socialism. Poland is faced with the same choice today. But the leadership is severely weakened through its earlier compromises with the landowners, primarily the Catholic Church. They try to make the workers bear the burden of their own cowardly, reactionary policies, and the workers refuse.

The failure of the Polish leadership to follow a revolutionary policy has placed them in a very difficult position. Not being a fortune teller one cannot guess at the outcome of this particular crisis, but one thing is sure: There will be no final resolution to the problem without the socialization of agriculture on the basis of collectivization and mechanization.

20. *Manchester Guardian Weekly*, 4 July 1976, p. 7.



Another problem the People's Democracies face is a shortage of key raw materials, especially oil. Listening to the restorationists one would think that the "imperialist" Soviet Union robs its "colonies," the People's Democracies, of raw materials and sells back to them, at inflated prices, finished goods. But of course the exact opposite is the case. The Soviet Union sells them raw materials, usually below the world price. In return it buys back finished goods.<sup>21</sup> From the point of view of abstractions it is much more correct to say that the People's Democracies are the imperialist power and the Soviet Union the colony, since they invest capital in it in exchange for raw materials, and have a higher standard of living.

Within the Comecon bloc the growing problem of labor productivity and capital shortage is manifesting itself in the tendency of the Soviet Union to raise its prices of raw materials to Eastern Europe, particularly oil, whose price within Comecon has been artificially low. The Soviet standpoint is that they must raise prices to finance capital construction. They are in a predicament. On the one hand they could sell their oil to Western Europe and Japan for much higher prices than they charge the Comecon countries, and to a degree are trying to create the conditions for doing so. But this means that the People's Democracies would have to buy more oil from the Arab countries (which are controlled economically by the United States), and run the risk of becoming increasingly dependent on imperialism for a basic source of energy. Thus there are very definite limits to how much the Soviet Union can divert its oil from within Comecon to the world market, although there are definite advantages financially to doing so. She must continue to supply Eastern Europe, although at increased prices to make up the loss from not selling to Japan, Western Europe, etc. These price hikes obviously do not help the Eastern European countries, which have the same problems as the

21. See, for example, Kanet and Bahry, "Soviet Policy in East Europe," *Current History*, October, 1975, p. 127. "Since the late 1950's, the world market prices of industrial goods have been higher than those for raw materials; as a result, the terms of trade favored the East European states, affording them a virtual subsidy for the bulk of their imports from the USSR," etc.

Soviet Union: a slowing of economic growth, demoralization of large sections of the work force due to bad leadership, less than sufficient growth of productivity, etc. Within Comecon, measures to increase prices of raw materials and similar things, in effect, merely shift the weight of the problem around; they do not solve the main problem, labor productivity and the capital shortage connected with it.

The Soviet and other Comecon leaders are trying to deal with the problem in two ways:

1) By further integrating the different economies, thereby rationalizing production, saving capital, making better use of resources and machinery, and so on;

2) By getting more advanced technology from the United States, Western Europe, Japan, etc.

But there are counterfactors to both of these. Although they are getting a great deal of advanced machinery,<sup>22</sup> they are short of foreign currency and cannot buy the quantities they need. More important than this is the nationalism of the different communist parties which hinders the further integration of their economies. The recent conference (June, 1976) of communist parties in East Berlin is eloquent testimony to the rampant nationalism which flourishes in the world communist movement (not just within Comecon, either) today, and the depths to which the movement as a movement, because of this nationalism, has temporarily sunk.<sup>23</sup> The disunity manifested at the conference was so deep that "toward the end of the two years of preparatory negotiations, a Bulgarian delegate nearly broke into tears asking what had become of the international Communist movement if it could not even agree on a blistering attack against imperialism."<sup>24</sup>

Such are the fruits of nationalism smeared over with Marxist terminology.

But despite the betrayal of many "leaders" and groups in both the socialist countries and the non-ruling communist parties, the opportunism they have let loose within the

22. See Appendix V.

23. See *People's Tribune*, vol. 3, no. 18, for an analysis of the Berlin Conference.

24. *New York Times*, 1 July 1976, p. 13.

movement is a surface thing. The words of Marx and Engels, written more than a hundred and twenty-five years ago, are as true today as then. The proletariat has no fatherland. Proletarian internationalism, repudiated in words, will assert itself in fact. The development of revisionism within the parties that constituted the Third International was an historically inevitable event connected to the internal weakness of the socialist camp coming out of the tremendous destruction of World War Two, and the external strength of US-led world imperialism and its ability to split the camp by bribery, intrigue, CIA-murder, and so on. But "weakness" and "strength" are relative terms, because the socialist camp is growing and the imperialist camp is disintegrating. The disintegration is leading inevitably to a reverse of the US imperialists' policies of *detente*, blandishments and a "soft" policy toward the communists, the policy which has contributed to the split in the movement. As it becomes clear that the US move toward war, economically inevitable, is not directed toward this or that socialist country, but the socialist camp as a whole, the rotten opportunism splitting that camp will be exposed and the split will be healed. History too moves forward according to objective laws independent of man's will. Those who try to block it do so at their own peril. As the case of Khrushchov teaches us, the "heroes" of today are the buffoons of tomorrow, forgotten even by their contemporaries.

### *The Soviet Union and the Colonies*

According to the theorists of restoration, the Soviet Union is a chauvinist, imperialist superpower bent on enslaving the less-developed countries through exporting finance capital and subjugating their economies.

What is the real situation?

In 1973 the Joint Economic Council wrote, "Since 1954, the Soviet Union has extended about \$8.2 billion of economic aid to 44 (non-socialist) less-developed countries. Nearly 75% of the total aid committed has gone to Middle

Eastern and South Asian countries."<sup>25</sup>

The figures for 1972, \$581 million, compares with \$7,687 million given by the United States (not including military supplies) in the same year.<sup>26</sup> Total Soviet aid for 18 years, \$8,196 million, is just \$500 million more than one year of US aid, and represents .03% of the Soviet gross national product.<sup>27</sup> One has to be slightly amused at the grandiose claims made in behalf of Soviet "imperialism" by the restorationists, which, according to them, is more dangerous and aggressive than "the other" imperialism.

But bare figures are not enough. What are the terms of Soviet aid? Only by knowing them can we see whether or not we are dealing with imperialism.

The terms of repayment of Soviet economic aid generally fall into two categories. The largest consists of development project credits which call for repayment over 12 years at 2.5% interest, usually beginning one year after the project is completed. Occasionally, a longer repayment period is allowed, such as 19-24 years and 6-8 years grace for some credits to Afghanistan. The second category covers trade credits with 3-10 years to repay at slightly higher interest rates. Only 5% of Soviet aid has been provided as grants.<sup>28</sup>

Two and a half percent or "slightly higher" interest rates! What rapacity! I ask the restorationist "theoreticians," why don't the Soviet imperialists invest their "surplus capital" (*of a new type*, since we have seen that the economy is chronically short of capital!) in the Chase Manhattan Bank, where with much less risk they would acquire twice the interest, compounded quarterly? Or why don't they buy tax-free New York City municipal bonds at five times the interest they are getting now? Surely the law of maximum profit would be much better served.

But the pursuit of maximum profit is not the *raison d'être* of Soviet foreign aid.

25. JEC '73, *op. cit.*, Tansky, Leo, p. 768.

26. *World Almanac*, *op. cit.*, p. 625 (figs. taken from the Bureau of Economic Analysis, US Dept. of Commerce).

27. JEC '73, *op. cit.*, Tansky, p. 770.

28. *Ibid.*



This is not to say that there aren't compensating economic factors to foreign aid. As an above passage indicates, economic considerations are "becoming" more important. The Soviet Union is increasingly establishing relationships with non-socialist countries in which it receives commodities in exchange for machines and raw materials. But the main reason for Soviet foreign aid is political. Just as finance capital *requires* a higher profit based on the laws of anarchy of production and maximum profit, so does Soviet aid *require* it to compete successfully with imperialist aid by giving the recipient a better deal.

The restorationists claim that so-called Soviet imperialism is of the rentier type as described by Lenin in *Imperialism, the Highest Stage of Capitalism*. By rentier they mean that the Soviets lend money at interest as the main way of making their superprofits. Aside from the absurdity of this theory from the purely economic standpoint (2.5% or "slightly higher" interest is not going to make anyone a successful parasite; the interest hardly covers the expense of the loan), it is factually incorrect. Two facts will show why.

Fact number one. Soviet foreign banks are few in number and tiny compared with any large imperialist bank. For example, the Narodny Bank, established in 1919, earned a total of \$2.9 million in profits in 1974. Its main purpose, as in the past, is to earn foreign currency to finance Soviet purchases of Western commodities.<sup>32</sup> Is it capitalist in the sense of investing money in capitalist countries and getting a return? Absolutely. But Soviet banks have always done that, under Lenin and Stalin as well as Khrushchov and Brezhnev. \$2.9 million profits from Narodny, plus the profits of "a handful" of other Soviet banks operating abroad<sup>33</sup>—this is the extent of Soviet "rentier" imperialism in the strict sense. I doubt very much whether it worries David Rockefeller unduly.

Fact number two. It is simply not true that the majority of Soviet foreign loans are in the form of money capital. As the JEC points out,

32. *Business Week*, 5 July 1976, p. 52.

33. *Ibid.*

Soviet aid always has had a large industrial content. The emphasis on this sector has become even more pronounced [sic!] in recent years. Perhaps as much as 65% is being channeled into industrial projects compared with half during the mid-1960's. About \$1.7 billion, or more than 20% of Soviet aid, has been committed to the construction of steel plants. Moscow has extended about \$420 million for the construction of the Iskenderum steel mill in Turkey, which now outstrips in aid costs China's \$400 million for the Tan-Zam Railroad and Moscow's \$32 million for the Aswan High Dam. More than 15% of Soviet aid has gone for agricultural and multipurpose projects, 10% for mineral development, and 10% for transportation facilities. Less than 5% has been provided in commodities and foreign exchange.<sup>34</sup>

The restorationists find the building of steel plants in Iran, India and so forth very sinister. But they are forced to admit that when the Soviet Union finances the building of a plant in, say, Iran, it belongs to Iran; in other words, the Soviet Union does not build Soviet factories in foreign countries. In return for the plant, which passes into the hands of Iran, the Iranian government delivers to the Soviets goods from the plant equal to its costs plus a profit to cover the cost of the loan, over a period of time. That is the end of the deal.

This is quite different from the way imperialism operates in the colonies. Recognizing the difference, one group of restorationists says that "the only difference" between Soviet and "ordinary" imperialism is that the latter maintains control of the factories it builds abroad, whereas the Soviet Union hands over control to the host country.<sup>35</sup> This is like saying that the only difference between an atheist and a priest is that the latter believes in God. When the United States imperialists build a General Motors plant in Brazil, it is an extension of the social power of the US monopolies. The fact that it is physically in Brazil is secondary. When the Soviet Union builds a factory in Iran it becomes part of the Iranian, not Soviet, relations of production.

Now, one may ask, *why* does the Soviet Union build factories in capitalist countries like Iran and Turkey, when it

34. JEC '73, *op. cit.*, Tansky, p. 769.

35. See, for example, *Die Restauration des Kapitalismus*, *op. cit.*

knows very well that it is thus strengthening Iranian or Turkish capitalism, not building socialism? This is a legitimate but different question from that which the restorationists ask and then, with a zeal worthy of a better cause, answer — to their own discredit.

Modern revisionism (and not only Soviet modern revisionism) has developed a theory to explain in an opportunist way these economic dealings with the colonial world. It is the theory of the non-capitalist development of the so-called "third world." It is the theory of creeping socialism in the underdeveloped countries. According to it, a capitalist neo-colony, if led by the right sort of "progressive" people (Nasser, Nehru, Indira Gandhi, the Shah of Iran, etc.), and aided by socialist countries, can gradually develop socialism by osmosis, without the unpleasantness of revolution. By importing Soviet means of production the colonial country will catch socialism as if it were a contagious disease.

The pseudo-Marxist theory of the non-capitalist path of development has as much validity as the pseudo-Marxist theory that capitalism can be restored in a socialist country; one is the flip side of the other. The "Lefts" are not the only people who have tried to sneak a bit of fool's gold into the treasure house of Marxism.

But just as elsewhere we see that the subjective reason for doing something does not have to correspond to the objective result of doing it, so in the case of Soviet loans. The theory of non-capitalist development is wrong, but what the Soviets actually do is not necessarily wrong. It has an objective validity which goes beyond revisionist theories.

Part of the reason for Soviet aid is political, to show the superiority and greater generosity of socialism as opposed to imperialism. A lot of what the Soviets do they do to outflank China and show the superiority of Soviet socialism to "Maoism." (The opposite is also true.) But beyond this there is the objective law of socialism. The world is divided into two camps, or sectors, the capitalist and socialist. The two can to a degree relate to each other superficially through purchase and sale, but they are fundamentally opposed. Capitalism cannot penetrate into socialism, and socialism cannot penetrate into capitalism. This has been proven time and time again, perhaps to the dismay of the imperialists,

who at one time did perhaps hope to export capitalism to the Soviet Union economically, in the form of Fiat and Pepsi-Cola plants, after they had failed to do so militarily. But because the Soviets forbade foreign ownership of the foreign plants built in their country, all the imperialists ended up doing was helping to create socialist Fiats and socialist Pepsi-Cola. (Similarly, Soviet rubles invested abroad through the Narodny and other Soviet banks became capitalist rubles.) The two sectors cannot interpenetrate. However they can and do influence each other as external forces. The US-led imperialists have been able to weaken the socialist camp by purely economic means, especially by extending the offer of technology in exchange for political concessions by the People's Democracies. In essence the "Prague Spring" of 1968 in Czechoslovakia, which led to Warsaw Pact military intervention in the country, was the result of imperialist blandishments, offers of credits, and so on. It is naive to think that the socialist camp, with its historical weaknesses, is immune to pressure (often expressed in economic terms) from imperialism.

But it works the other way too. Socialism can influence the capitalist sector economically. The Soviet Union can and should try to build ties to sections of the capitalist market in order to split it, particularly by breaking the USNA stranglehold on large parts of the world made possible by its technical and agricultural monopoly. And it does so. When the Soviet Union builds a factory in India which uses Soviet technology, Soviet spare parts, and trades with the Soviet Union, to that extent—and only to that extent—it weakens the US grip on India. The Soviets cannot export socialist production relations any more than they can export socialist revolution; but they can aid in the construction of an Indian steel industry which is oriented toward the socialist camp in terms of trade.

This is progressive and worthy of support, as long as one does not get sucked into the lie that by doing so the Soviets (or anybody else) are helping the colonial countries to build socialism "of a new type."

The whole restorationist argument that the Soviet leaders are imperialists because they build factories in foreign countries, have foreign aid programs, trade with other countries,



etc., reduces itself to a logically incorrect argument:

Imperialism lends money.  
The Soviet Union lends money.  
Therefore, the Soviet Union is imperialist.

This is a phony syllogism. It is like saying,

Henry Kissinger is an animal.  
An aardvark is an animal.  
Therefore, Henry Kissinger is an aardvark.

US imperialism and Soviet socialism are both economic systems, but they are two very different kinds of animal.

## 9

## Is the Soviet Union Militarist?

Stalin includes war-making and the militarization of the economy in his definition of the basic law of modern capitalism.<sup>1</sup> Imperialism cannot exist without militarizing the entire economy. This is not only because it must go to war, but also because the drive for maximum profit demands increasing production of weapons, which are more profitable than other commodities. Many weapons produced by the United States will never be used, and are not meant to be. They are made to put billions of our tax dollars into the pockets of the armaments manufacturers, who have an unlimited market, the government. There is not the same kind of unlimited market for automobiles, hospitals, civilian housing, and other kinds of non-military commodities, since most of these are made to sell to the working class, which is increasingly unable to afford them. Thus the expansion of the military is economically as well as politically crucial to the survival of imperialism. One observer was correct in comparing the imperialist economy to a junkie, who needs ever-increasing injections of dope simply to survive. The military budget is the fix.

Imperialism is by its nature a warlike system.

Socialism, on the other hand, is by its nature peaceful. Because it operates according to a qualitatively different set of laws, its needs are diametrically opposed to those of imperialism. Because the basic law is the satisfaction of the needs of the people, and not maximum profit, the market

1. Stalin, *Economic Problems*, *op. cit.*, p. 39.

The basic objective of the USSR in dispensing aid remained stable over this period [1954-72]—to expand its influence at the expense of the other major powers and to offer itself as a model for economic development for the recipient countries. Although these political and ideological motivations remain the major determinants for Soviet aid programs, economic considerations also are becoming important. Many recent aid agreements have been designed largely to increase imports of fuels, raw materials, and consumer goods and to create markets for Soviet machinery.<sup>29</sup>

The difference between Soviet foreign aid and United States foreign aid becomes clear once one understands what imperialism is. Lenin proves that it is monopoly capitalism, that is, capitalism which has a stranglehold on not only the home but the world market, and which thus can and must (due to competition among the monopolies) flow wherever the return on investment is the greatest. Foreign investment everywhere, but particularly in the colonial countries, where labor power is cheap and raw materials plentiful, is a natural and inevitable manifestation of monopoly capitalism. Lenin speaks of the investment of "surplus" capital abroad as a hallmark of imperialism. He means "surplus" not in an absolute, but a relative, sense. The capital "could" be used within the imperialist country to build housing, hospitals, and improve working conditions; it is not surplus in the sense of unnecessary. It *is* surplus in the sense of not being able to be invested to get a "reasonable" return; thus it overflows the boundaries of the internal economy and finds a more profitable area of investment, where it can get the maximum return.

Surplus capital implies a situation in which the needs of the people do not define what is "surplus" and what is "necessary." It implies a situation in which the need for capital to expand at the fastest possible rate is the decisive factor.

A recent article in the *Wall Street Journal* presents "iron-clad proof," as the restorationists would say, that the Soviet economy does not operate according to the law of maximum profit, and cannot. It is about the production of private Soviet automobiles, and begins:

29. *Ibid.*, p. 766.

Anatoly Zhitkov, boss of the Volga Automobile plant, has a market that his Detroit counterparts would find little short of paradise.

Demand is so fierce that he always operates at capacity. Eager customers wait months and even years for his Zhiguli cars, and pay the full cash price on delivery.

But joy eludes the 60-year-old Mr. Zhitkov. For this isn't Detroit. And it isn't a market economy. Despite pent-up demand, despite earlier hopes of big expansion, and despite Mr. Zhitkov's pleas for permission to increase output, neither his plant nor the rest of the Soviet auto industry is going anywhere. "The plan," Mr. Zhitkov says glumly, "won't allow it."

During the last five-year plan, Soviet auto output nearly quadrupled, from 352,000 in 1970 to 1.2 million last year. But now the automobile industry, for reasons it refuses to explain, is slamming on the breaks. During the current five-year plan, which runs through 1980, auto production is to rise by less than 3% a year. If auto exports rise 35% over the next five years, as tentatively planned, there may actually be fewer new autos for the domestic market than there are now.<sup>30</sup>

This is in a country where a used Ford Fairlane with 75,000 miles on it sold in the gray market for the equivalent of \$26,000 cash!<sup>31</sup> If this is capitalism, it is not only of a new, but a very strange, type. Instead of the "capitalists" pushing ahead and earning billions of rubles making and selling cars, they are cutting back on domestic auto production.

The reason for the decision to cut back auto production is that there is a shortage, not a surplus, of capital. The very basis for imperialism does not exist. The economy operates according to the law of the satisfaction of the needs of the people, not the law of the satisfaction of the needs of capital, that is, maximum profits. The State Planning Commission is not free, as bankers and industrialists in imperialist countries are, to go where the getting is good, either within the domestic market or in the colonies. Every ruble sent abroad, for whatever reason, is a ruble taken away from expansion either of the capital goods or the home consumer sector (or the defense sector) and thus retards the all-important growth of production.

30. Neil Ulman, *Wall Street Journal*, 8 July 1976, p. 1.

31. Smith, *op. cit.*, p. 92.



for housing, hospitals, automobiles, better clothes and so on is unlimited, the demand for military goods strictly limited to the needs of defending the country.

How does the Soviet economy fit into this picture? The restorationists portray it as a militarist economy because of its large defense industry. But they purposely miss the point. Again one must go for clarity not to the Soviets themselves, who might be accused of distorting things in their own favor, but to US bourgeois analysts, who cannot be accused of wanting to prettify the Soviet system, but who are paid to be objective when they are writing for internal government consumption. The summation of the JEC 73 compendium on the Soviet economy, for example, says,

As completion of the Ninth Five Year Plan is closely tied to performance in their machinery sector (Noren-Whitehouse, p. 214), any diversion of resources to or from military programs might be critical to success in plan fulfilment. Still "there appears to be strong evidence of inverse movement between defense expenditures and those for both capital investment and private consumption . . . . We can draw a tentative conclusion from econometric analysis that Soviet defense expenditures have adversely affected Soviet economic growth."<sup>2</sup>

Even the arch anti-Soviet Robert Conquest readily admits that ". . . the Soviet economy could solve all its own problems but for its distortion through vast arms production. Not only has a disproportionate part of their economic effort been put into armaments, but it is also true that in their conditions the skills and resources put into the armaments effort have been totally diverted. There has been virtually no 'spin-off' to the benefit of the civilian sector."<sup>3</sup>

Whereas in the United States military production is key to the expansion of the economy and the profit maximization of the big bourgeoisie, in the Soviet Union it acts as a tremendous drag on economic growth. Who benefits? we ask the restorationists. Brezhnev and Kosygin? On the contrary. Every ruble spent on the military is a ruble less spent on creating the consumer goods, the "goulash," which is the

2. JEC '73, *op. cit.*, p. xvi.

3. Conquest, Robert, *Foreign Affairs*, April, 1975, p. 492.

main thing that gives them legitimacy in the eyes of their working class and peasantry.

Once one understands the simple truth that there is no economic basis for militarism in a socialist country one can see why it is precisely the Brezhnev forces who have been in favor of cutting back on military spending, although the trend was more pronounced (as we will see below) under Khrushchov. There has been a struggle within the state and Party between the "doves" and "hawks," the latter formerly led by the late Marshall Grechko and generally associated with the military. The "doves" are more politically vulnerable because they are the political leaders of the country and must answer to the people for the relatively slow growth of consumer production. The "hawks," mainly military men, are less vulnerable politically. But reality is reality. As much as Brezhnev and Co. would like to cut down on military spending, they must also ensure that the country be able to defend itself against an aggressive US imperialism whose own internal contradictions are leading it inexorably toward war against the Soviet Union.

It is hypocrisy on the part of the restorationists, just as it is hypocrisy on the part of the Pentagon to point to the fact that the Soviet Union uses roughly twice as much of its gross national product on the military as the United States does. This is not evidence of Soviet militarism, but of fully justified preparations for the defense of socialism. Vast military spending creates tremendous problems for the Soviet economy and its leaders. They would love to get rid of it entirely, or at least diminish it toward zero. Unlike the imperialists, for whom disarmament would be economically disastrous, Brezhnev and Co. want the SALT talks and *detente* in general to lead to a comprehensive arms reduction. If it did they could divert billions of rubles into expanding the consumer sector, particularly agriculture, and by doing so consolidate their shaky position as the leaders of the country and the socialist camp. The imperialists know that they want an agreement, and use this as a bargaining lever to get more concessions.

The conclusion one reaches seems paradoxical. Brezhnev and Kissinger both say, "I am for peace." Both men are bourgeois in their personal outlook. But where Kissinger is

lying, Brezhnev is telling the truth. This is because each is coming from an entirely different economic base. Kissinger and his economy need militarization. Brezhnev and his economy desperately need peace and cutbacks in military spending.

On the question of the Soviet military, as elsewhere, the theorists of capitalist restoration adopt the outlook and arguments of the extreme fascist wing of international imperialism. Trotting obediently behind the Pentagon, they claim that the Soviets are outspending the United States militarily, and that they are the main danger to peace. Of course this is nothing new; it has been stated and restated in a thousand different forms since 1917. Recently forces in Congress who for their own reasons were opposed to the huge jump in the US military budget (from \$80 billion in 1976 to \$112 billion in 1977) exposed the claims of the Pentagon about Soviet strategic superiority and their allegedly greater military spending than the United States as lies. Les Aspin (Democrat, Wisconsin), whose exposure of the Pentagon distortions could not be denied by the Pentagon, says among other things,

Right now the numbers argument is focusing on Russian spending and weapons production. For the past few years, however, the emphasis has been on missile statistics. Those who felt America was playing *Avis* to Russian Hertz cited the Soviet lead in numbers of missiles, 2,402 to 1,710.

However, we have many more warheads on our missiles and we have many more bombers. Altogether the United States can hit the Soviet Union with 8,500 nuclear weapons, while the Soviets have only 2,800 at their disposal. So even in the realm of missile *macho* numbers, the United States still ranks number one.

Again, look behind the numbers. For the purpose of deterring the Russians, all that matters is how many of our weapons would survive an all-out Soviet attack. Suppose the Russians launched a devastating assault and destroyed 90% of our land-based missiles, 80% of our B-52 bombers and half our submarines—which is far beyond Soviet capabilities now or in the foreseeable future. Soviet military planners would have to contend with the fact that we would still have 3,100 surviving warheads—10% more than the Soviet pre-attack arsenal! That is enough to drop thirteen nuclear

weapons on every Russian city of more than 100,000 people.<sup>4</sup>

The Soviet and American military systems are different in their basic nature. The US military is an offensive, aggressive mechanism, a reflection of its economic and political basis. The Soviet military reflects a different basis and is not designed for aggression. The US military has been built to move freely around the world; the Soviet hasn't been. The United States has 14 attack aircraft carriers; the Soviet Union has none. The United States has 300 strategic airlift planes, the Soviet Union has 60. Contrariwise, Soviet defense around its perimeter is very powerful. "Soviet airspace is the most intensively defended in the world: 5,000 radar stations, 2,600 fighter interceptors, 12,000 highly accurate antiaircraft missiles. By contrast, US air defense has been cut back."<sup>5</sup> The Soviet Union has a highly developed civil defense system (air-raid and fallout shelters in particular), whereas the United States, after the atom-bomb scare of the later 1950's, has ignored the question of defending the population against nuclear attacks.

The inevitable conclusion is that the Soviet military and civil defense are designed primarily as defensive devices; the United States military and civil defense (or lack of it) are based on the essential aggressiveness of US imperialism. This is an accurate reflection of the course of history. When did socialism ever attack imperialism? On the other hand, when did capitalism *not* plan to attack, and in the end actually attack, socialism?

It would be a mistake to infer from this, however, that it is a simple question of imperialism attacking the Soviet Union and the latter passively warding off the blows. Hitler found out the hard way that the Red Army under the Bolshevik leadership of the CPSU would not simply stop the Nazi onslaught, but would march all the way to Berlin and plant the red flag on top of the Reichstag. Offense and defense, Mao Tse-tung teaches in his *On Protracted War*, are inseparably connected, a unity of opposites one of which cannot exist without the other. In war you cannot win just by

4. Aspin, Les, *The Nation*, 3 April 1976, p. 401.

5. *Time*, 8 March 1976, p. 35.



defending yourself. If you do not at some point go on the counter-offensive with the object not only of stopping your opponent but of destroying his ability to fight, annihilating him, you will be annihilated.

Since the end of World War Two, and especially in the last ten years, the Soviet military has developed based on this principle. The hydrogen bomb was not built by the Soviets as an aggressive weapon, but neither was it simply defensive, since a bomb cannot defend anything. The Soviet strategy under Stalin's leadership was one of developing a military capability equal to that of imperialism and able to win an all-out nuclear war, not in order to start one, but to keep the imperialists from starting one.

The recent history of Soviet military development shows that the strategy has not changed. While it is true that the socialist nature of the Soviet system prohibits the development of an aggressive, imperialist armed forces, it does not prohibit, and in fact presupposes, the existence of an armed force strong and *aggressive* enough (from a purely military standpoint) to intimidate imperialism and make it impossible, or as near impossible as possible, for it to unleash full-scale war with the idea that it could benefit by doing so.

The representatives of the fascist wing of the USNA bourgeoisie are very bothered by the strength of the Soviet military, which is developing apace with their own. Two recent Soviet military works show that they have a right to be bothered.

The first, summarized by Rowland Evans and Robert Novak, ideologists of the extreme right, is *The Sea Power and the State*, by Admiral Sergei Gorshkov.<sup>6</sup> The author argues that the Soviet Navy must be used "to effectively utilize the world ocean in the interest of building communism."<sup>7</sup> Evans and Novak comment:

His message is powerful and unmistakable: Soviet sea power, merely a minor defensive arm when Joseph Stalin died in 1953, has become the optimum means to defeat the "imperialist" enemy and the most important element in the Soviet arsenal to prepare

6. Chicago *Sun-Times*, 30 July 1976, p. 46.

7. *Ibid.*

the way for a Communized world . . . .

The astonishingly rapid development of the Soviet navy is no secret. It has reached virtual equality with the United States in the Mediterranean (where the Soviets recently introduced their first aircraft carrier), the Pacific and the Indian oceans. With the ships and weapons come Soviet bases strategically placed such as in Cuba off the US coast and in Somalia on the Red Sea coast. But never before Gorshkov has the meaning of this rapid advance toward sea power equality and future superiority been so starkly or publicly spelled out by a Russian . . . .

Most experts here perceive Gorshkov's treatise as a clear reflection of new Soviet policy arising out of last February's 25th Communist Party Congress. A minority, however, think it signifies a debate, with Gorshkov making the case for naval pre-eminence within the Soviet military apparatus.<sup>8</sup>

The second book is called *The Offensive* and is written by Colonel A. A. Sidorenko, Doctor of Military Science and faculty member of the Frunze Military Academy. In his introduction he restates the Marxist thesis on the decisiveness of boldness and energy in the conduct of war, and lays down his basic thesis:

The Leninist ideas of the decisive role of the offensive in armed conflict find reflection in Soviet military doctrine which considers the offensive as the basic type of combat actions of troops. Only a decisive offensive conducted at high rates and to a great depth achieves the complete smashing of the enemy in short times and the seizure of important areas, objectives, and political and economic centers.

Recognizing the offensive as the main type of combat actions of the troops, the military doctrine of our state never had and cannot have an aggressive character with regard to its political goals. The Soviet Union has never attacked anyone and does not intend to attack. Aggressive wars are alien to it. However, if the imperialists accomplish an attack of aggression against us or our allies, the Soviet Armed Forces will initiate the most active and decisive offensive with the utilization of all combat power.<sup>9</sup>

The book is based on this fundamental, contradictory truth, namely, "the best defense is a good offense."

8. *Ibid.*

9. Sidorenko, A. A., *The Offensive*, Moscow, 1970, publ. in the US by the United States Air Force, US Government Printing Office, p. 3.

According to the publishers (the United States Air Force), Sidorenko's point of view, that the introduction of nuclear weapons has introduced a qualitatively new situation into modern warfare, won out over "old, outmoded notions" within the military:

Soviet Party-military spokesmen stipulate that introduction of nuclear weapons into their armed forces brought about a "revolution in military affairs." They further state this "revolution" has caused complete revisions in Soviet military doctrine, strategy and tactics. In 1965, following the ouster of Nikita S. Khrushchov, the Military Publishing House in Moscow published *Problems of the Revolution in Military Affairs*. In this work Marshall Malinovsky, then Minister of Defense, claimed that some Soviet military personnel "still live with old, out-moded notions about the nature of modern warfare." To correct this, military writers were directed to publish articles, pamphlets and books explaining to all members of the Soviet Armed Forces the nature of war in the nuclear age.<sup>10</sup>

Sidorenko develops in great detail what Soviet strategic and tactical objectives and behavior will be in all-out war, which he pictures as a very intense mixture of conventional and nuclear combat. (It should be noted in passing that both he and Gorshkov take for granted that "the enemy" will be US imperialism and the NATO forces, not the People's Republic of China. This is quite different from the point of view of certain of the Chinese leaders who are trying to unite with the United States against the Soviet Union.)

What emerges from Sidorenko's brilliant analysis of how modern warfare and more specifically nuclear warfare has developed is that the Soviet Union is quite prepared to fight and win a nuclear war, whatever "win" might mean under conditions of such extreme destruction. To do so, he (like Gorshkov) shows that the "revolution" in modern warfare created by nuclear arms has necessitated the development to new levels of all aspects of the Soviet military, particularly its mobility. Hence the new emphasis on naval strength, the introduction of aircraft carriers, more submarines, tanks capable of firing nuclear shells, etc. Without developing this truly world-wide mobility, traditional defenses (such as anti-

10. *Ibid.*, p. v. (introduction by the American editor)

aircraft on the perimeter of the country) would not be sufficient to defend it, since they cannot deter imperialism from attacking—i.e., they cannot prevent war. The development of a strategically offensive military, within the context of a strategically defensive foreign policy (the defense of the socialist camp), can prevent war, if anything can. Thus the Soviet Union, correctly, is developing its military to equal as much as possible that of the United States while at the same time trying, sincerely, to reach an arms agreement and eventually some type of at least partial disarmament. The paradox here reflects reality: the only political defense that will work is a winning military offense.

The theorists of restoration here, as elsewhere, echo the Pentagon and other right wingers like Schlesinger in accusing the Soviet Union of creating an imperialistic, aggressive military. More and more, strict sides are being drawn on the question of military strength: the restorationists (including leading forces within the Communist Party of China around the Teng group) are openly advocating that the United States continue arming itself and NATO, maintain its "presence" in Asia, etc.:<sup>11</sup> all progressives throughout the world are defending the right of the Soviet Union, as the most powerful representative of the socialist camp, to defend itself by any means necessary. There is no middle road. And the restorationists find themselves in bed with Reagan, Ky, the Pentagon, President Marcos, and other charmers. *De Gustibus non disputandum est*.

All the evidence presented by different commentators, whatever their political standpoint, points to a definite change not only during the last ten years, and especially during the last several. If one compares the cowardly, capitulationist treachery of Khrushchov in the Congo with the behavior of Brezhnev in Angola, his support of the liberation forces, one sees two diametrically opposed policies. In order to understand why there has been a

11. See, for example, *Peking Review*, No. 34, 20 August 1976, which quotes approvingly E. V. Rostow, former Johnson official, on the need for a stronger US military. Also see the article entitled "The Munich Approach Leads to a Blind Alley" in the same issue.



change one must be a dialectician. One should not believe that Brezhnev has become a proletarian internationalist. Like Khrushchov, he is a narrow nationalist who views the world through the narrow prism of his privileges. Why then in Angola did he follow an internationalist policy?

Because the international situation and the situation within the Soviet Union and its Party have changed since the Khrushchov period. Khrushchov based his ascent to personal power and his defeat of the Bolshevik wing of the CP-SU on the dual policy of peace and "goulash" for the Soviet people. He believed, or at least acted as if he believed, that imperialism could be neutralized not by confrontation but by capitulation. Hence his treachery in the Congo, his attempt to "defuse" Cuban influence in Latin America after the missile crisis, and so on. But just as he failed to give his people more of a consumer-oriented economy, so he failed to ensure lasting peace.

The Vietnamese people's magnificent defeat of USNA imperialism showed the world that there is only one way to stop imperialist aggression, by confronting and defeating it, not capitulating to it. This lesson was not lost on the Soviet leadership. They have been forced at certain times and in certain places, although by no means everywhere, to defend the gains of socialism and actually help expand the socialist sector. The Khrushchov policy of giving in did not disarm imperialism, which today is heading inexorably toward war against the Soviet Union. The Soviet leaders are well aware of this and are moving, despite any subjective qualms, fears and doubts they may have, to consolidate Soviet strength and the strength of their allies, and to gain new ones. Angola is an example of Soviet success in this regard. Only someone who is blind, deaf and dumb can doubt that the Soviets were brilliantly successful in outflanking China as well as the United States in Africa. As a result the Chinese, who for years have been trying to oust Soviet influence in black Africa, suffered a serious ideological and political defeat. Soviet and Cuban prestige have never been greater.

Soviet policy in Angola is not an isolated case, but an example of an over-all move to the left in their objective behavior in world politics (corresponding to, and in large part caused, not only by the US preparation for war but by

the Chinese leadership's move to the right. A lot of Soviet and Chinese policy is based on attempts to outflank each other, not on principles. This perversion of Mao Tse-tung's dictum of "opposing what the enemy supports" is a sad but true fact of the current crisis in the world communist movement). Such a motion to the left, necessary to counter the attempt of the imperialists and their "restorationist" partners particularly in the Chinese leadership to isolate and destroy Soviet socialism, is reflected in their political line. Thus Brezhnev redefines *detente* in a Leninist way. It is no longer collaboration with imperialism, but the creation of the best conditions in which to compete with and eventually defeat it. The doctrine of "peaceful transition" to socialism, discredited in Chile, is also undergoing a change in the hands of Soviet theoreticians such as Pomoronev, who are adopting a more militant stance vis-a-vis Portugal, southern Africa, and so on. The leftward motion in theoretical matters is being accelerated by the disgraceful rightward tilt of the already compromised French, Italian and other Western European communist parties.

### *The Warsaw Pact*

It is not our purpose to discuss the Warsaw Pact at length, but merely to use the historical contradictions within it to illustrate the inevitable trend within the Soviet leadership toward confrontation with the US imperialists and their clients.

From the beginning there were two opposed positions in the CPSU on what the Warsaw Pact was for. In a very intelligent book called *The Warsaw Pact: Case Studies in Communist Conflict and Resolution*, Robin Alison Remington explains what they were. There was not any disagreement on the immediate reason for the formation of the Pact, a treaty organization of the People's Democracies and the USSR. It was formed in March, 1955, as a direct result of the re-arming of Western Germany and its entry into NATO.<sup>12</sup> The Pact was not a direct result of the for-

12. Remington, *op. cit.*, p. 10.

mation of NATO itself, which had already been in existence for three years. It was a recognition of the fact that imperialism had no intention of supporting the re-unification of Germany on the basis of democracy, but was instead arming and aiming a nuclearized German "revanchism" at the Soviets.

But here the disagreement began among the Soviet leaders. It was a manifestation of the basic philosophical and political struggle between the Khrushchov revisionists and the Molotov grouping of "Stalinists." The former saw the Warsaw Pact as part of its "peace offensive," whereas Molotov saw it as the preparation for the defense of the socialist camp against declining but aggressive imperialism.<sup>13</sup> By the time the Pact was formed, Khrushchov was in a stronger position in the Party than Molotov. The formal terms of the Pact, reflecting this, call for the neutralization of Europe through an all-European security conference to settle post-war borders, after which the Pact would be dissolved. Khrushchov saw the Pact as a bargaining chip, a way of pressuring the NATO countries into agreeing to fix Europe within the existing borders. He did not equate the Pact with the socialist camp; according to its constitution, any country could join it.

Molotov took a different line, and some early Pact documents and Soviet statements about it reflect his influence. The Warsaw Pact here is equated with the socialist camp, or at least its European flank, face to face with an aggressive NATO. Molotov eloquently states at the Moscow Conference of December, 1954, his understanding of what the Pact (formed several months later) would be:

One would think that it should have been realized long ago that no threats can scare the Soviet people and the democratic countries in which the power is wielded by [the] working class in alliance with the laboring peasants, and which are making effective headway in the building of socialism. If such attempts ended in fiasco in the past, still more hopeless are all aggressive plans of this nature today, when the great Soviet Union and the People's

13. See Strong, *op. cit.*, pp. 118-20, for a description of the so-called "peace blitz" begun by the Soviet Union after Stalin's death. Many of its measures were opposed by Molotov, especially around Yugoslavia and Austria.

Democracies are more than ever confident in themselves and in their continued success in building socialism. There is no power on Earth that can turn back the wheel of history.<sup>14</sup>

For Khrushchov the formation of the Warsaw Pact was a tactical maneuver to put pressure on NATO, no more and no less. Remington says,

Two images of the world within which the Warsaw Treaty Organization would operate existed in Moscow. Each image entailed its own preconception of the purpose and function of the political consultative committee and the joint command. For Khrushchov the importance of the Warsaw Pact focused outside itself; a reflection of his drive toward detente with the West. It was intended not to fight but to gain another asset in the cold war. For Molotov the Warsaw Pact was a vehicle for socialist consolidation, military preparedness, defense.<sup>15</sup>

In the short run Khrushchov won the inner-Party struggle. The Warsaw Pact lay in abeyance until the early sixties.<sup>16</sup>

But Molotov was right about the wheel of history. Beginning in 1961 the Pact began to take on real military meaning as the different forces began to integrate themselves as defense units. But more important to us here are the political ramifications, as manifested particularly in the actions of the Pact countries to stop the Czechoslovakian counter-revolution (and that is what it was!) of 1968. Remington again:

Seen in perspective one could say that liberalization in Prague and the resulting Soviet-Czechoslovak conflict caused Moscow to revert to the Molotov theory of the Warsaw Pact. For even in 1954, the Soviet leadership had been divided on the purpose of that alliance . . .

To Molotov the Warsaw Pact had been a vehicle of socialist consolidation. He lost in the 1950's. However, the Molotov theory of the Warsaw Pact is, in fact, one of the fundamental assumptions underlying the current Brezhnev Doctrine. Ironically in May 1968, one finds Pact Commander-in-Chief Yakubovsky repeating almost word for word Molotov's pledge of 1954: "There

14. Remington, *op. cit.*, p. 15.

15. *Ibid.*, p. 26.

16. *Ibid.*, p. 21.



is no power on Earth that can turn back the wheel of history and prevent the building of socialism in our countries."<sup>17</sup>

And finally Brezhnev's assertion at the Twenty-Fourth Party Congress: "Revolutionary gains will not be given up, the frontiers of the socialist community are inviolable . . . ."<sup>18</sup>

Perhaps the most eloquent testimony to the "return" of the Soviet leadership to the Molotov understanding of the Warsaw Pact is the aftermath of the August, 1975, Helsinki Conference. This was the all-European security conference the Soviet Union had been advocating for twenty years, and represented a victory of sorts for the socialist camp in that imperialism was forced to grant the existence and legality of the People's Democracies and their borders. But Brezhnev and Co. did not celebrate by dissolving the Warsaw Pact, as Khrushchov had promised to do. In this regard Brezhnev's foreign policy, far from being a continuation of Khrushchov's capitulationism, is a reaffirmation of the correctness of Stalin and Molotov. Again the working of the objective laws of socialism, the wheel of history, crushed beneath it those policies and individuals who did not move with it.<sup>19</sup>

### *Conclusions to Economic Analysis*

Summing up, let us contrast the characteristics of the Soviet system, called "capitalism of a new type" by the theorists of restoration, with those of ordinary capitalism:

- 1) The Soviet economy suffers from a shortage, rather than surplus, of workers;
- 2) it suffers from a shortage, rather than surplus, of investment capital;
- 3) it suffers from a shortage, rather than surplus, of consumer goods;

17. *Ibid.*, p. 174.

18. Quoted in *ibid.*

19. It has become "conventional wisdom" in the anti-Soviet circles (both Right and Left) that NATO is hopelessly outnumbered and outgunned by the Warsaw Pact. But this is not the case. (See Enthoven, Alain C., "US Forces in Europe: How Many? Doing What?" *Foreign Affairs*, April 1975, pp. 514-15. His chart is reproduced in Appendix XI)

4) it is characterized by a continual (although slowing) economic growth, rather than a cyclical "boom and bust" movement;

5) it is characterized by a constant rise in the living standards of the people, rather than their relative and absolute impoverishment;

6) it is characterized by a general narrowing of wage differentials between the higher and lower paid workers, rather than a widening of differentials based on skill, nationality, sex, etc.;

7) it is characterized by a tendency to shy away from increased production of military goods, rather than a heightening militarization of the economy.

There are other differences, but the point is clear. The arguments of the restorationists finally reduce themselves to a rehash of the slanders of Leon Trotsky and his bosses.

The last part of this inquiry will examine Soviet socialism from the political aspect.



Part Four

*POLITICS*





## 10

## The Dictatorship of the Proletariat

The theorists of capitalist restoration, in one of their main theoretical projections, claim that the Khrushchov group abolished the dictatorship of the proletariat in the USSR, turned it into a dictatorship of the "new bourgeoisie," and on the basis of this neat trick restored capitalism.<sup>1</sup>

The reader can see that the theory of capitalist restoration is just as free and easy about politics as about economics. Khrushchov "abolished" the dictatorship of the proletariat by stating that it was no longer necessary, that it could be replaced with the "state of the whole people."

If one can abolish a state form and establish another simply by changing its name, why don't the restorationists in the United States simply "announce" the abolition of the imperialist state and the formation of the dictatorship of the proletariat? It would be so much easier and more peaceful than the tedious business of organizing the working class to emancipate itself through revolutionary struggle.

The restorationists equate revolutions and changes in social systems with "announcements," "reforms," "projections," and so on and so forth. Who, one wonders, is more irrational—Khrushchov, who tried to change the class nature of the Soviet state by changing its name, or the people who believe that he succeeded?

Again, we must clarify what we are talking about. What is the dictatorship of the proletariat?

1. One of the earliest formulations of this idea is in the Chinese pamphlet *On Khrushchov's Phony Communism and Its Historical Lessons for the World*, Peking, 1964, p. 20.

The dictatorship of the proletariat is the exercise of the power of a *class*, the industrial workers (particularly in large-scale industry), to suppress the overthrown capitalists and other exploiters, to rally to their banner all the oppressed working people and other democratic sections of the population, and to organize, on the basis of this broad alliance, a higher form of social production, socialism. Stalin in *Problems of Leninism* discusses in detail these three functions of the dictatorship: suppression of the capitalists, political organization of the masses, and the introduction and organization of socialist production.<sup>2</sup>

It is very important here to understand that in this basic definition of the proletarian dictatorship Stalin says nothing of the communist party. This is not an accidental omission. Stalin time and again fights against the vulgar conception that the dictatorship of the proletariat equals the "dictatorship" of a relatively narrow section of society, a political party.<sup>3</sup> He is on firm ground here. No less a theoretician than Engels points out that the Paris Commune was the dictatorship of the proletariat although there was not only no Marxist party leading it, there was no very conscious leadership at all, but rather a melange of groups and individuals with different ideologies under the very loose direction of the First International.

Moreover, Stalin is very careful to point out repeatedly that the proletarian dictatorship is a very broad and all-inclusive form of state, and that its scope is much wider than that of the Party:

There is no need to prove that the scope of the dictatorship of the proletariat is wider and of fuller content than the leading role of the Party. The Party carries out the dictatorship of the proletariat, but what it carries out is the dictatorship of the *proletariat*, and not of anything else. Anyone who identifies the leading role of the Party with the dictatorship of the proletariat substitutes the "dictatorship" of the Party for the dictatorship of

2. Stalin, Joseph, *Problems of Leninism*, Proletarian Publ. reprint, pp. 26-7.

3. See in particular *The October Revolution and the Tactics of the Russian Communists*, quoted in *ibid.*, pp. 23-4.

the proletariat.<sup>4</sup>

The restorationists are even narrower than the people Stalin is refuting. They don't even talk about the Party as "dictating," but a small grouping within the Party, where they should talk about the dictatorship of an entire class.

In the same passage Stalin deals with this point in another way, saying that the Party cannot simply force the people to do something by decreeing it, but must "take into account the will, the condition, the level of class consciousness of those who are being led, [and] cannot leave out of account the will, the condition, the level of class consciousness of its class. Consequently, anyone who identifies the leading role of the Party with the dictatorship of the proletariat substitutes the directions given by the Party for the will and actions of the class."<sup>5</sup>

History knows more than one example of men coming to the head of bourgeois governments who, because they were decent men, wanted to change the nature of those governments and make them really democratic. Allende of Chile was one, Cardenas (president of Mexico, 1934-40) another. It is not difficult to envisage the opposite case of a man or group of men coming to the head of a proletarian state who, not being decent men, want to change its nature in accordance with their own narrow, anti-proletarian needs. That is precisely what happened in the Soviet Union. Men essentially hostile to the proletariat came to head the state. But they failed to change its basic nature just as Allende and Cardenas failed to change the nature of the bourgeois states they inherited, even though they did for a time change some of the forms of those states and, indeed, left their marks on history.

Stalin deals with the case of the Party coming into conflict with the proletarian dictatorship.<sup>6</sup> His conclusion is that when it does so *it*, not the dictatorship, will have to change. And just as this is true for the Party, so it is for the government, which is not the same as the state. He says,

4. *Ibid.*, pp. 36-7.

5. *Ibid.*

6. *Ibid.*



Our state must not be confused, i.e., identified, with our government. Our state is the organization of the *class* of proletarians as a state power . . . . Our government, however, is the upper part of that state organization, the guiding part. The government may make mistakes, it may commit blunders that may involve the danger of the temporary collapse of the dictatorship of the proletariat; but that would not mean that the proletarian dictatorship as the principle of the structure of the state in the transition period is wrong or mistaken. It would only mean that the leadership is bad, that the policy of the leadership, the policy of the government, does not correspond with the dictatorship of the proletariat, that that policy must be changed to *correspond with* the demands of the dictatorship of the proletariat. The state and the government are alike in their class nature, but the government is narrower in scope and is not co-extensive with the state. They are organically connected with and dependent on one another, but that does not mean that they can be thrown into the same heap . . . .<sup>7</sup>

Again, the restorationists are even worse than the deviators whom Stalin is refuting. They claim not that the Party or government can change the nature of the state, but that a small section of the Party and government (in a speech!) can do so.

What would it mean, concretely, for the Khrushchov-Brezhnev group to change or "abolish" the dictatorship of the proletariat? It would mean destroying the trade unions, the Soviets, the cooperatives, the Young Communist League and the Party as a whole *besides* controlling the leading bodies of the Party and government. For it is precisely the trade unions, Soviets and these other mass organizations that together make up the proletarian state.<sup>8</sup>

Take the question of the trade unions and Soviets. There are more than 106 million workers in the trade unions.<sup>9</sup> The Soviets, the concrete form that proletarian political power has taken since the October Revolution, encompasses the entire population. Can these things simply be negated,

7. Stalin, Joseph, *Leninism*, vol. I, pp. 324-30, quoted in *The Dictatorship of the Proletariat*, International Publ., 1936, pp. 84-6.

8. Stalin, *Problems of Leninism*, *op. cit.*, pp. 31-3.

9. See Appendix IX for a table on Soviet membership in mass organizations.

abolished as tools of proletarian dictatorship? Let us consider the Soviets first.

### *The Soviets*

The Soviets ("councils") are the basic state organization of the USSR, the Union of *Soviet* Socialist Republics. They embrace literally the entire population in a pyramid structure<sup>10</sup> of which the Supreme Soviet is the top, and the local Soviets of the cities, towns, farms, etc. are the bottom. The structure of the Soviet state is laid out in the 1936 Constitution and has never been changed.

The Soviet form represents an entirely new state in the historical development of states. It is the embodiment of the power not of a small class of exploiters standing above and against the majority, but of the majority itself, the working people, and is their own creation. Thus the Soviet state is not a state at all in the traditional sense, a power standing above society. It is the power of society itself.<sup>11</sup> The traditional separation between the state and the people is done away with, or at least begins to be done away with, for there are plenty of remnants of the old capitalist, feudalist bureaucracy within the new state. The Soviets are not only governmental, but public powers. They combine both the functions of managing society in general, from housing to day care to public transportation, and the functions of making and administering laws, punishing criminals, etc. Instead of paid administrators administering to a passive or hostile populace, the people themselves are involved in the life of the Soviets, for they link up the government apparatus *per se*—in the form of salaried civil servants—and the public as a whole. Soviet deputies are not politicians as we know them. They are not paid to govern, but carry out their duties while maintaining their regular jobs.

10. See Appendix XI for a chart showing the Soviet State structure.

11. Lenin discusses the nature of the socialist state in *State and Revolution*, where he develops the theory of Marx (*The Civil War in France*) and Engels (*Origin of the Family*). My theoretical generalizations about the Soviets are based on these books.

As of 1970, the local Soviet deputies were classified as 65.3% workers and collective farmers, and 45.8% women,<sup>12</sup> who had been elected by the Soviet population (over eighteen years old) in direct, secret ballot elections.

The Supreme Soviet, the highest state body, consisted of 1,517 deputies in the same year, representing 62 nationalities. Seven hundred and sixty three were industrial and collective farm workers; 463 were women.<sup>13</sup>

The theorists of restoration dismiss the Soviets as rubber stamps, the preponderance of workers and peasants in the leadership as an empty formality. This is to be expected. Their mentors, the world bourgeoisie, have from the very beginning of Soviet power attacked it as a disguise for the tyranny of a clique of leaders, as a dictatorship of a Party, etc. The restorationists are only repeating what they have learned. But facts are facts. The Soviet state has been in the hands of the working class for 60 years. They have used it to build socialism. Like the economic system itself, it has taken on the character of an historical force which can be distorted and slowed down in its development for a time, but not fundamentally changed. There is no doubt that the state and Soviets are extremely bureaucratic. This has always been true. Lenin said of the Soviet state, "A workers' state is an abstraction. In actual fact we have a workers' state, firstly, with the peculiarity that it is not the working class population but the peasant population that is predominant in the country and that, secondly, it is a workers' state with bureaucratic distortions."<sup>14</sup>

The present leading bureaucracy has undoubtedly separated the government, like the Party leadership itself, from the people to a considerable extent. The evidence for this is not the restoration of capitalism, but the privileges of

12. Chekharin, I., *The State and Social System of the USSR*, Novosti Press, Moscow, 1974, p. 38.

13. The percentage of women in the Soviets is much greater than in the Party, where there are no women leaders in the highest bodies. This is a reflection of the still-deep problem of male supremacy permeating all of Soviet life. I can only mention this in passing, but it is an extremely important problem worthy of serious analysis at some other time.

14. Quoted by Stalin, *Dictatorship of the Proletariat*, *op. cit.*, p. 90.

the elite on the one hand and the demoralization of large sections of the people on the other, manifested in a lackadaisical attitude toward work, a very high degree of alcoholism, a high divorce rate, and so on. But despite these negative features, year after year workers and peasants are brought into the state apparatus, trained in Marxism (although Marxism with "bureaucratic distortions" such as the absence of Stalin from Soviet history, etc.) and taught to administer the government as well as the Party. Workers and peasants make up the basis of the state. The continued existence of this fact reflects historical laws against which the elite are powerless. They themselves came from the working class and peasantry, and know that the real power resides there. This is why they are afraid to challenge the people openly, and enjoy their luxuries guiltily, in private.

### *The Trade Unions*

Here we see even more clearly the contradiction, the dilemma, in which the Soviet leaders find themselves vis-à-vis their base and only support, the working class and peasantry.

Soviet law grants extensive rights to the trade unions because they, unlike in capitalist countries, are a direct part of the state power. *The Rights of Factory and Office Trade Union Committees* (endorsed by the Presidium of the USSR Supreme Soviet, September 27, 1971)<sup>15</sup> enumerates these rights. They include the right of the workers to manage the factories, to plan what will be produced, to control management (this includes the right to fire managers!), to protect the workers from arbitrary discipline (no worker can be fired without the preliminary consent of the trade union committee), etc. The trade unions are responsible for every aspect of life in the factories, mines, offices, etc. They are the final arbiter of labor-management disputes, and help formulate the plan for production (although this function has tended not to be used as it should be, a situation which is hurting the entire economy and will have to be rectified).

15. Publ. in Moscow, 1971.



They are in essence the supreme authority within the various producing institutions in the country as a whole. 106 million Soviet workers belong to the unions, virtually the entire workforce, as opposed to 25% of the employed workers belonging to unions in the United States.

But the theorists of restoration think that these 106 million people have been simply stripped of their rights and power by a handful of capitalists "of a new type" without as much as a good street fight or a big strike.

What is the real situation with respect to the trade unions in the USSR?

They play a critical role in the building of socialism. The leadership must rely on them to fulfil the plan.

As noted earlier, the traditional bourgeois "economic levers" which make capitalism "work"—unemployment, crises and so forth—do not and cannot operate in the Soviet Union. The main capitalist lever of accumulation is the relative (and under imperialism absolute) surplus army of the unemployed. It permits the accumulation of capital in the hands of the bourgeoisie, and the accumulation of misery, brutalization, poverty and degradation at the opposite pole of labor. Without wage labor there is no capital. Without competition among the laborers there is no wage labor. Under capitalism the trade unions emerge out of the struggle of the workers to maintain their already low standard of living in the face of the inexorable tendency of capital to lower the minimum wage. The trade unions are basically defense mechanisms under capital, and serve a specific and limited purpose, generally speaking.<sup>16</sup>

Under socialism they are quite different. Although part of their function is still to defend the workers against bureaucracy, managerial transgressions, etc., this is not their only, or most important, concern. Being the largest mass organizations of the workers *as workers*, they are the "transmission belt" between the Party as the leading organ of the dictatorship of the proletariat, and the industrial and clerical workers, most of whom do not belong to the Party. They are the means by which the workers as a whole are

16. See, for example, the final pages of Marx's *Wages, Price and Profit* for a discussion of the role of trade unions in capitalist countries.

drawn into the management of the economy. They have both an economic and political function. Politically they are "schools of communism," as Lenin put it. Economically they are the organizations which, being at the point of production, carry out the planning of the economy from below, drawing the entire work force into the process of this planning and seeing that the plan is carried out.

The trade unions under socialism are the main tool (in the absence of the "economic levers" of capitalism, which boil down to the iron law of starvation) for getting the workers to work, raising productivity, introducing new technique, etc.—in short, for managing and developing the productive forces inside the plants.

Now, the main problem confronting the Soviet leadership is labor productivity. Connected with it is the shortage of labor and capital. Labor must be made more productive if the economy is to survive much longer without a serious collapse, which has already begun in the agricultural sector. The leadership must get the workers to produce more, take more interest in conserving materials and machinery, introducing labor-saving techniques, etc. But they cannot do this by the traditional capitalist method of pressuring the employed workers with the threat of the millions of unemployed waiting at the gate, nor with the political methods of open coercion. They must make the workers produce more voluntarily, by persuasion. By means of the trade unions. Thus the unions must be handled with great care. The Lin Piaoist myth that by sheer will power the revisionists have subverted the trade unions and turned them into organs of fascist dictatorship is as untrue in reality as it is ridiculous in theory.

What has really happened is that the Soviet leaders had more and more to rely on the unions to help them out of their economic and political difficulties. While on the one hand they stifle the initiative of the masses by their opportunist policies and elitist life-styles, on the other hand they must seek to broaden this initiative in the interests of increasing production. Quite a dilemma. Thus we see Brezhnev, at the Twenty-fourth Congress of the CPSU, openly calling on the unions to fight against corrupt and arbitrary managers, theft of state property, etc.

It is true, to be sure, that the harm the revisionist leaders have done their country over the past twenty years has not left the unions unaffected. Their role in planning has been played down. This is not so much a result of a conscious policy of the leadership as of the general apathy of the workers on the one hand, and the tremendous bureaucracy within the planning apparatus on the other. At the same time, their role as vehicles of the all-important material incentives has increased in importance. They administer the "social fund" which makes up about a third of the average worker's income: child care, paid vacations (the worker is not only paid his regular wages during his vacations but his vacation expenses are paid as well!), housing, etc., are all handled by the unions. All this, the Soviet leaders hope, will get the workers to work harder and produce more.

### *The People's Control Committee*

Another enlightening example of the attempt by the Soviet leaders to appeal to the workers is the People's Control Committee. It was set up in December, 1965, to accompany the "notorious" Reform, which, as was discussed earlier, was to give more local autonomy to managers within their plants and other enterprises. The Committee, and its subsidiary organs, were groupings linked to local Soviets in all the republics, regions, towns, districts and locales throughout the country. Their function was to act as a control over production, to check up on the fulfilment of the plan, to find ways of conserving materials, to develop "the latent potential of the economy," to increase efficiency, etc. It was also to fight against mismanagement, corruption, "extravagance, deception, and encroachments on socialist property," to "put a stop to bureaucracy and red tape, to improve the work of state bodies, reduce expenditures, implement scientific methods of labor and management, and efficient departmental control."<sup>17</sup>

In short, the role of the control committees is to increase

17. Turovstev, Victor, *People's Control in Socialist Society*, Progress Publ., Moscow, 1973, p. 58.

by finding hidden reserves in the productive process *and* by fighting against the interference of greedy managers, bureaucrats, and so on.

The control committees act together with the trade unions and the Young Communist League to inspect all enterprises. More than eight million people are involved in these inspections. In Moscow alone in 1971 there were more than 40,000 groups involving 240,000 people. One and a half million people in Moscow, almost all volunteers, took part in a campaign to ensure thrift and economy.<sup>18</sup>

These control committees, like the Soviets, combine state and public functions. They have juridical power to make and carry out laws, but they are made up for the most part of voluntary workers who are not paid. Such an organization is incompatible with capitalism. In even the most democratic bourgeois country the factory inspectors are a tiny group of officials isolated from the working class. Can the reader imagine a group of ordinary production workers in the United States having authority to go into General Motors plants and force the company to change working conditions, hours, production schedules, work rules, overtime regulations, and so forth? But it is these functions that the control committees carry out in the Soviet Union.

The Soviet leaders have not called for the creation of such popular organs because they love the people or even necessarily love socialism. They have done it because they love themselves and their status, and know that the only way they can survive and prosper is by having the country and working class survive and prosper, and that this can happen only if productivity increases at a faster rate than it has been. They cannot increase it by forcing the workers to work harder, but only by appealing to their interests. They must do this, to a considerable extent, *in opposition* to the managers and bureaucrats, who often hold back the development of productivity by stealing state property, managing badly and unscientifically, and creating apathy or hostility among the workers by their non-revolutionary, anti-proletarian policies. The Soviet leaders find themselves in the unenviable position of having to oppose their *alter egos*

18. *Ibid.*, p. 63.



on the lower levels of the bureaucracy (the smaller and even some of the bigger elite) by unleashing the initiative of the very people they have alienated and fear most—the workers. Brezhnev and Co. know very well that in the long run they cannot unleash the economic initiative of the people without unleashing their political initiative as well—and this will have serious repercussions for Brezhnev and Co. themselves. There is nothing they can do except jockey and maneuver as long as possible. But in the end they are helpless against the people.

### *The Working Class and the Elite*

Having come this far we must confront the question, Why do the Soviet workers and peasants put up with the “petty tyranny,” elitism, and tutelage of their leaders? It is not a question, as the restorationists think, of their being enslaved, helplessly oppressed, under the jackboot of the new bourgeoisie. Such an insulting analysis has nothing in common with Marxism and, it is hoped, has been sufficiently discredited in the preceding pages. What is the reason, then?

Part of the answer lies in the fact that with all its shortcomings, the present leadership still has, so far, delivered on their basic promises of raising the people's living standards and defending the Soviet Union against imperialism. This is often overlooked, but it is still true. The Soviet people have a lot to be proud of. Moreover, despite very serious shortcomings, Brezhnev and Co. have behaved progressively enough in the world arena (especially in the past several years) to raise the prestige of the Soviet Union in the eyes of the world and of their own people. (Conversely, where they have not acted progressively, such as in the Mid-East, their prestige has suffered both at home and abroad). In other words, they have given their people a substantial measure of the two things they have promised most: peace and prosperity.

The rest of the answer lies in the history of Soviet socialism. Looking back, one can only be amazed that socialism was built at all in Russia, given the internal and

external situation during the entire period of its construction. The all-pervading fact, one which any reasonable person must keep in mind at all times when analyzing the Soviet system, is the great strength of imperialism (particularly United States of North America imperialism) in the last fifty years, and the backwardness and weakness of nearly all the countries in which socialism has been built.

The strength of imperialism is a fact, and no amount of phrasemongering about how it is on the decline, a paper tiger, doomed, etc., can deny it. Of course in the historical sense it is all these things, and we would be abandoning historical materialism if we did not use this truth as the basis for our political projections. But to ignore the tremendous reserves and even expansion of US imperialism during the period from 1917 to the present, would also be to abandon reality.

Given the extremely difficult conditions in which socialism has been constructed in the Soviet Union, it was inevitable that there would be impurities, distortions, injustices, backwardness, and so on. The growth of the elite is one such result of building socialism under *such* conditions. Another is what one might call the siege mentality of the Soviet people, their tendency, in general very necessary and praiseworthy (as during the anti-fascist war), to close ranks behind their leaders come what may in order to face the common enemy which was, and still is, intent on destroying their society. It is inevitable that such a mentality would lead to a tendency toward being uncritical, or at least toward giving the leadership the benefit of very large doubts. The siege mentality says that the policies of the Party are necessary no matter what, or at least that we cannot criticize them seriously (although we might grumble about them in private) because they would split our ranks and play into the hands of the reactionaries at home and abroad.

The siege mentality goes hand in hand with a very cynical attitude toward the elite at the same time as they are put up with. Here is one of many jokes told in the Soviet Union which concern the privileged status of certain trade union leaders, who own cars:

Question: "What is the Marxist-Leninist definition of an automobile?"

Answer: "A four-wheeled vehicle driven by the entire working class through its elected representatives."

But as long as the leadership continues to deliver on its basic promises, and to lead the country against world reaction, it is likely that they will maintain the basic support of the workers, even though the workers don't have much respect for them.

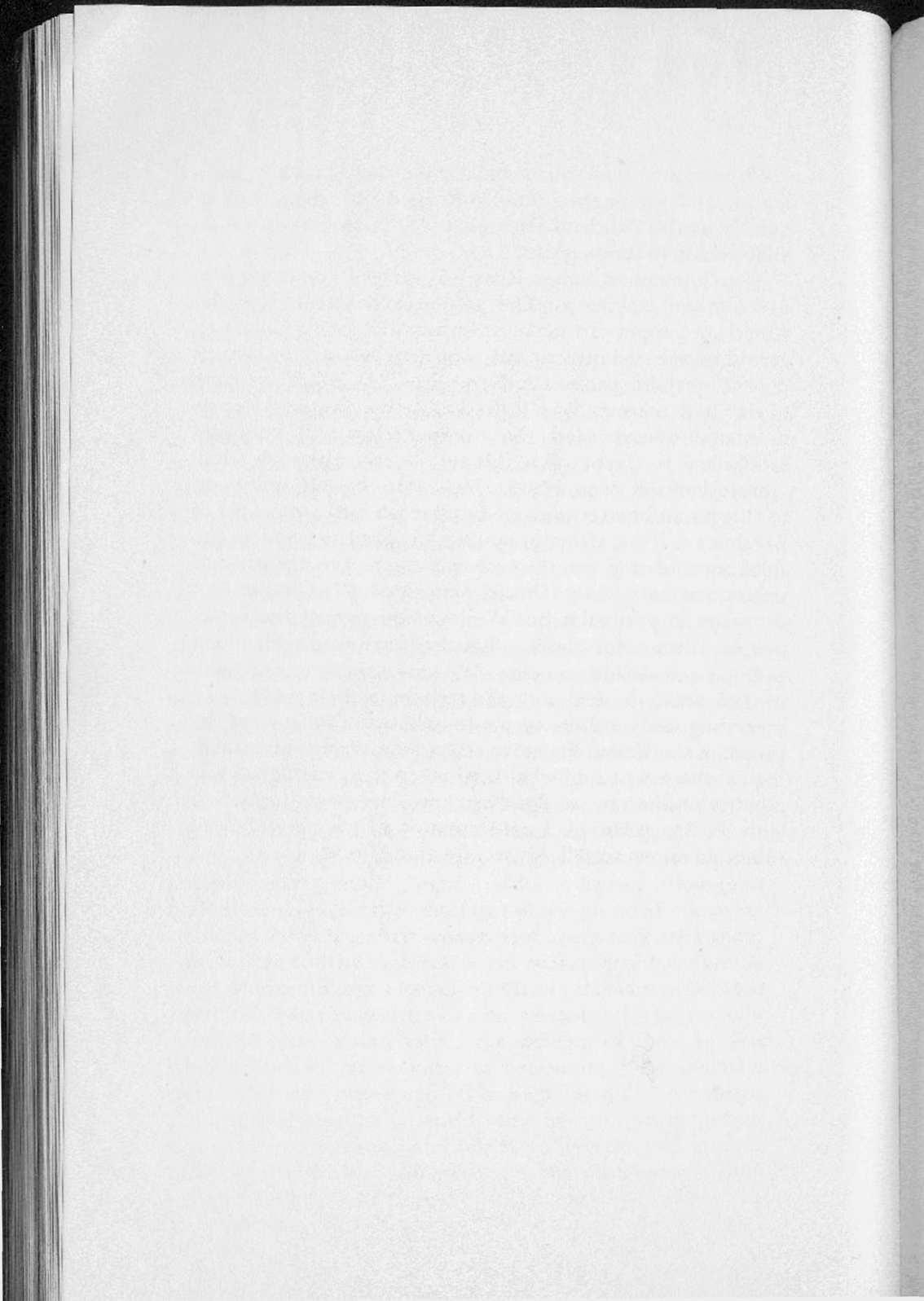
It is not the purpose of this explanation to criticize the workers' and peasants' attitude toward their leaders. The country was and still is under seige, and it is easy, and to a certain extent correct, for Brezhnev to paint any fundamental criticism directed against him as objectively, if not subjectively, coming from the right-wing camp of Solzhenitsyn, Sakharov, Reagan, etc. This increases the difficulty of correct criticism gaining a fair hearing.

Does this mean that the Soviet elite should not be criticized, either by the Soviet people or by the international communist movement? Not at all. Just as the Brezhnev group in general is an undesirable element in that movement, so is an uncritical acceptance of their policies undesirable. They must be criticized, but for what they have actually done, not for what someone thinks or wants other people to think they have done. What the world communist movement needs more than anything else is to be polarized into the wings of Marxism and revisionism in all its forms, not to be polarized into different national wings (*China or the Soviet Union, Cuba or China, etc.*). This latter type of polarity can only create, and recreate, bourgeois nationalism which takes the form of people in the socialist countries defending their leaders even when they are wrong. Anyone can see the immense harm nationalism has done to the world communist movement. One of its main results has been the extreme difficulty the peoples of the socialist countries have in evaluating the policies of their leaders from a Marxist, as opposed to nationalist ("my country, right or wrong") standpoint. The siege mentality caused by the very real hostility of world imperialism toward nascent communism has taken its toll. Again, this is not said in some facile way to criticize the Soviet (or any other people) and tell them what they "should" do, but merely to show why they have not yet been able or willing to strip the "Marxist"

mask from their leaders, for whom they have, basically, contempt, and whom they could, once aroused, get rid of as quickly as the Polish workers got rid of Gomulka in 1970, and even more thoroughly.

The Communist Labor Party has learned one thing if it has learned anything. The only real contribution the American people can make to history and civilization is to get rid of our own imperialists, who are the basis for or support of everything rotten in the world. That is "all" we have to do, and there can be little doubt that the world communist movement and the working class will be quite satisfied if we accomplish this small task, although some "revolutionaries" would like to leave it to the side and go on to "bigger and better things." But our job is not to get rid of Brezhnev or Teng Hsiao-ping. Our job is not to stand on the sidelines cheering for the wrong side, as the theorists of restoration here in the United States and other imperialist countries in particular do. We love and respect the Soviet people. It is not for nothing that they have shed their blood to build and defend socialism. We have complete confidence in their ability to deal with the traitors in their midst. The preceding study is directed not toward them but toward the people of the United States, to add a little to our understanding of who is who and what is what, so that we might be in a better position to avoid a disastrous, bloody confrontation with the Soviet Union, a confrontation which can only lead to untold misery for all the peoples of the world.





## Conclusion

The socialist camp is an objective thing. It has one economic and political interest, despite the distorted perception of that interest by these or those nationalist deviators in the leadership of some socialist countries. This unity extends into the military sphere. This needs to be stressed particularly in regard to two incidents, the Warsaw Pact occupation of Czechoslovakia in 1968, and the Sino-Soviet border fighting of 1969, which would seem to call this unity seriously into question. How can these incidents be explained?

First, Czechoslovakia. As mentioned earlier, the occupation, called everything from an act of rape to an Hitlerian blitzkrieg by all the theorists of restoration as well as by a number of former supporters of Soviet foreign policy (and totally blown out of proportion as far as the actual level of violence is concerned), was entirely justified. It was a defense of the socialist camp. There is no doubt that the so-called liberalization policies of the "Prague Spring" were an attempt by both external and internal counter-revolution to turn Czechoslovakia into an imperialist appendage, a strange hybrid of socialism and capitalism under the hegemony of the USNA. Chou En-lai obliquely states this fact in a speech at Romania's National Day in August, 1968: "The aim of the Soviet revisionist leading clique in brazenly invading and occupying Czechoslovakia is to prevent a Czechoslovak revisionist leading clique from directly hiring itself out to the Western countries headed by US imperialism and to prevent this state of affairs from giving rise to uncontrollable chain reactions."<sup>1</sup> The Soviet Union's willingness to

1. Chou En-lai, "Premier Chou En-lai's Speech at Romania's National Day Reception Given by the Romanian Ambassador to China," August 23, 1968, in *Total Bankruptcy of Soviet Modern Revisionism*, FLP, Peking, 1968, pp. 3-4. It is worthwhile comparing Chou's position here

intervene in Czechoslovakia, and its unwillingness to do so in, say, Romania, despite the latter's open rebellion in many areas, is understandable. Dubcek's "Prague Spring" was a move to undermine the internal political as well as economic basis of socialism. The Romanian policy is not. While "maverick" in their international relations, the Romanian leaders show no signs of trying to weaken the internal social system. Thus the Soviets have no cause to intervene, at least at present.

Second, the Sino-Soviet border fighting. It is still not clear, and may not be for some time, exactly what happened. Both Parties have thrown so much mud at each other that their claims must be viewed with skepticism. According to each, the other is not a socialist country, so each is justified in attributing "imperialist" motives to the other. But both countries *are* socialist. As far as the border clash (the only example in history of actual fighting between two socialist countries) is concerned, the main point is that it did not represent a clash of two fundamentally opposed interests. If it had, it would have continued. Rather it was the result of tactical maneuverings of leaders on one of the two, or both, sides. It merely meant that nationalism in the socialist camp is rampant as a *subjective* factor.

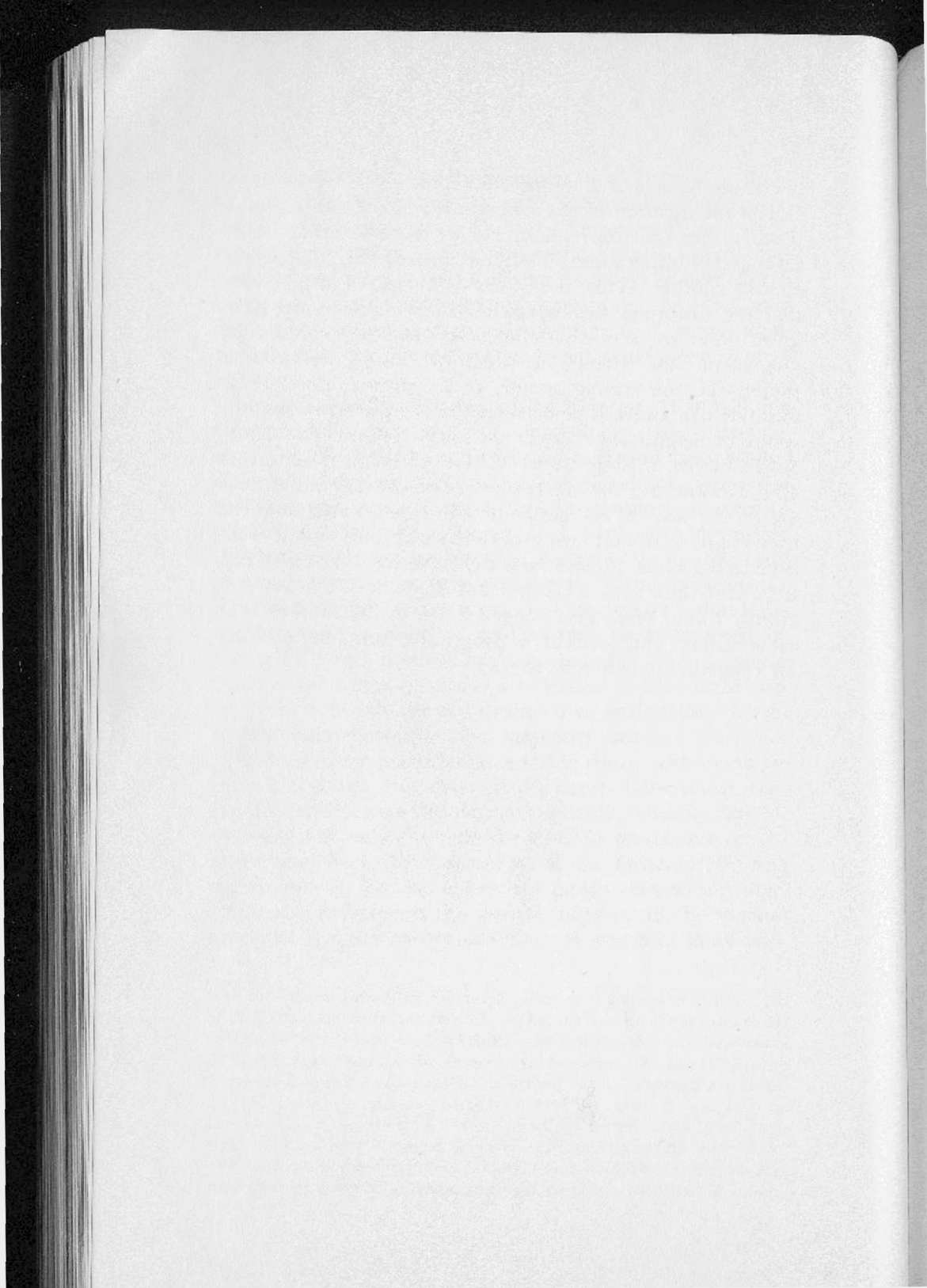
At present the contradictions within the socialist camp are extremely sharp. But sharp as the contradictions are, they are not, and cannot become, antagonistic, that is, capable of resolution only through the destruction of one or the other side, e.g., the destruction of the Soviet or Chinese social systems. The antagonisms that do exist within these countries are between the socialist basis of all the socialist countries and the bourgeois remnants who exist in all and,

with the Chinese (as well as Albanian and others') position as it developed later. Chou is clear that the Dubcek "revisionist leading clique" was in the process of "hiring itself out" to US-led imperialism — this was the content of the "Prague Spring." But later this is forgotten (for example, "The Brezhnev Clique is Following Hitler's Beaten Track," Peking Review No. 29, 1975), and the question becomes one of the Soviet Union violating Czechoslovakia's sovereignty. Instead of selling herself to the West she is seen as struggling for independence. But Marxism does not defend the right of a nation to "self-determination" when the CIA is doing the self-determining, as it was in Czechoslovakia, Hungary in 1956, etc.

like scum, have floated to the top of some.

The rectification of the communist movement will take place within that movement, not by some external force, such as US imperialism, "helping" one of the combatants against another. While the external strength of imperialism and the historical weaknesses of the socialist camp have given rise to serious deficiencies in the communist movement, the effects of which we, the international proletariat, are feeling acutely at the present time, these mistakes can and will be corrected in the period we are entering of heightened conflict with imperialism. The Titos, Solzhenitsyns, Kissingers and the rest can laugh at our errors all they want, but the fact is they are on the way out and we are on the way in, no matter how intelligent and eloquent they might seem and how awkward we at times might seem even to ourselves. Molotov was right. No force on Earth can turn back the wheel of history. But that wheel, a heavy and clumsy thing, often gets bogged down in the mud of that same history, and needs all of progressive humanity pushing on it together to help it on its way.





## Appendix I

Statement on the 25th Congress  
of the CPSU

Reprinted from the *People's Tribune*, vol. 3, no. 11

The 25th Congress of the Communist Party of the Soviet Union was held under conditions of a markedly improved international position of the USSR, a sharp upturn of the Soviet economy, and a turn toward re-establishing the prestige of the CPSU. The report by General Secretary Brezhnev to the Congress should be studied not only by comrades, but by all progressives interested not only in world communism, but in the effects that the Congress is bound to have on left politics within the United States of North America.

The Congress was held under certain conditions nationally and internationally which should be examined in order to really understand the full meaning of the political line of the CPSU.

What, fundamentally, is the international setting for the Congress? First of all, the entire situation is today molded by the international economic crisis. This crisis should be characterized as an especially acute cyclical crisis occurring during an intensified stage of the general crisis of world capitalism. The economic crisis is one of over-production. However, it is the first major crisis since the liquidation of direct colonialism and the economic protection which that system provided for the various national industrial capitalists. The crisis is especially acute because commodities can no longer be dumped on protected markets. Today there is a world market and despite the operations of cartels, monopolies and international financial combines, this market cannot be manipulated except by working with the laws of value. This inevitably means that the USNA with its vastly superior productive capacity, will continue to con-

solidate the world market at the expense of especially Britain, France, Japan, Germany and Italy. In these countries the only method of fighting back is the revolutionization of the means of production, which requires USNA financial assistance, and the harsh intensification of the labor process, which cannot be accomplished without fascism. However, industrial, urban Europe, with its growing proletariat, its peoples tempered in the struggles of the 1940's is not likely to fall prey to a fascist offensive. The ruling class rather fears that the mass resistance to fascism will create the environment for social revolution. This is already the experience of the Italian political struggle characterized by the mass strikes and demonstrations against fascist violence.

While the birth of the Soviet Union marked the beginning of the general crisis of world capitalism, its intensified stage was achieved by the results of World War II and the emancipation of China. With one third of the world withdrawn from the capitalist market and with a dramatic revolutionization of the means of production within the capitalist world, this general crisis entered its intensified stage.

This situation will inevitably mean the even more rapid shifting of basic industry into the neocolonies to take advantage of the cheap labor and close proximity of raw materials, not to mention the shifting of environmental destruction to the backward nations. The consequences of such a move however is the resurgence of a national liberation movement. This time with its new proletariat in leadership and its slogan — the Dictatorship of the Proletariat.

It should also be noted that the trade between the neocolonies and the semicolonies and the USNA has fallen off due to the crisis. The USNA protectionist policy calls for the cutting off of imports of most raw materials when there is a glut of the market. This assures the shifting of the burden of the crisis to the backs of workers in the less developed countries. However, this policy has led to the resurgence of the national liberation movement and the leftward motion of the leadership of the semicolonies.

The situation in China is also heavily affected by the economic crisis. In fact, the removal of Teng from the

leadership is a direct result of the crisis. The grouping around Teng, following Khrushchov's outlook that reliance upon the economic strength of the USNA was the most rapid way of industrializing the country, was left out on the limb by the consequences of the economic crisis in the USNA.

The Teng group necessarily made political concessions in order to assure USNA and Japanese assistance in the development of Chinese industrialization. This reckless policy has thrown China's foreign policy into the arms of the fascists at home and abroad. It is clear that such policy has led to the decisive defeat of China in its international ideological debate with the USSR. The political expression of this defeat has been a dramatic shift in especially Africa and Latin America toward reliance on the USSR instead of China.

The keystone of imperialist policy has been the reencirclement of the USSR by the USNA, Japan, China and the Federal Republic of Germany. The international crisis has made especially Japan and Germany take second looks at a Soviet Union that is the number one producer of oil and steel in the world. At the same time, the prospects of the development of such an alliance has compelled the USSR to go shopping for friends. This could only be accomplished by a left turn in the international policies of the Soviets.

It is clear that the relations between the Soviets and the USNA are undergoing a certain readjustment and erosion. Based on the crisis and the need to further militarize the economy, the cold warriors are again coming to the political forefront. This is 1976, not 1950; the idea of the cold war does not have the same implications as before. Before, the imperialists had considerable maneuvering room as the incessant wars have shown. Today, there is no small country to go to war against and the cold war could and probably would turn into a hot one very soon.

The position of the Soviets is different today. The destruction of World War II has been overcome and the military position of the Soviets is formidable. The new generation of Soviet missiles and bombers prompted then Secretary of Defense Schlesinger to report, "The Soviet Union . . . now deploys a strategic nuclear capability far beyond anything required by the theories of minimum deterrence. Her



peripheral attack forces are such as to be able to take under attack every significant target in Western Europe. Her central strategic systems are sufficiently large in number so that she could strike a substantial number of military targets in the United States and still withhold a very large force whose future use we would have to consider in responding." (*Annual Defense Department Report*, 5 February 1975, p. 11-12)

The imperialist catastrophe in southeast Asia brought about a general decline in US influence throughout the area. It is small wonder that Brezhnev could report with confidence, the international position of the Soviet Union has never been so solid.

In this international context, let us examine the report by Brezhnev and attempt to fathom out—whither the Soviet Union?

### *Soviet Socialism*

It might be well to start out with some fundamental considerations of the historic role of the dictatorship of the proletariat. The role of the dictatorship is to do away with the previous conditions and guide society on its revolutionary path to communism. The landmarks along this path are the elimination of the distinction between mental and manual labor, the elimination of the distinctions between town and country, and the elimination of the polarity represented by wealth and privileges. The elimination of these privileges is contained in the communist slogan "to each according to his need." The revolutionary creating of communist man implies the abolishing of the division of labor (which is the basis for classes and privileges) and the subsequent liquidation of ideology. All the rhetoric from either side of the fence will not substitute for a concrete examination of how the social polarity, inherited from centuries of class oppression is being institutionalized or liquidated.

First of all, the distinction between town and country is hardly being done away with. Moscow today boasts of nearly 7 million people with a subsequent concentration of com-

merce and wealth.

Secondly, is the distinction between hand and mental labor being liquidated? Obviously it is not. As in no other country a worker has the opportunity to elevate himself from worker to technician or even into the privileged elite, but it is clear that the polarity between the intellectual, the technical and cultural intelligentsia, on the one hand, and the people on the other, is growing and becoming an institution in Soviet life.

Communism is not possible without the elimination of the various distinctions that arise on the basis of the division of labor. The only measure we have on the correctness or incorrectness of state policy is how it affects this struggle for communism. It is on this basis that we have and are judging the policies of the CPSU.

Because of the importance of the CPSU, the coming issues of the *People's Tribune* will carry articles dealing with the various sections of the Congress report in greater depth and details.

### *Relations with Socialist States*

On the question of socialist states, it is interesting to note that Brezhnev includes Yugoslavia in the family of socialist nations but excludes China and Albania. We object to the exclusion of China and Albania for the same reasons that we reject the inclusion of Yugoslavia. In China and Albania the wages system has been overthrown, which is the basis for the move to communism. No matter what the *ideological* or *state* differences, so long as the capitalist mode of exploitation has been done away with, these states cannot help but objectively gravitate toward and assist one another. The objective character of these revolutions, including the USSR, is forging ahead. This or that grouping which attaches itself to this objective process as its subjective expression is an aspect of the class struggle. What is needed is principled Marxist criticism and not name calling.

We again take note, that the most divisive and corrupting influence in the world communist movement and especially among the socialist states is bourgeois nationalism, and

there can be no other form of nationalism. The only exceptions to this is heroic Cuba and that valiant vanguard the Vietnamese Workers Party.

As regards the call for peaceful coexistence with China, this is but a clever way of reintroducing the thesis that China is not a socialist state. Peaceful coexistence is the Leninist relationship between states with different social systems. Despite the state differences and antagonism, they are not different social systems and the differences are going to have to be settled within the framework of the socialist camp.

There are many signs already that the crisis and the resultant development of the war danger is forcing the USSR and China to re-evaluate their respective positions. The unity of revolutionaries, the unity of Marxist-Leninists of China and the USSR is fundamental to the healing of the rift within the socialist camp. At the same time, the finding of common ground for the unity of the revisionists of China and the USSR, based on the respective national interests, will create the most difficult situation for the world revolutionary movement.

It is very fashionable for every "Marxist" party or grouping to call for unity. There can be no unity on the basis of "China" or the "Soviet Union." The basis has to be principled. The first step toward such unity would be for the major Communist Parties to publish their individual proposals for a general line of the world communist movement. On such a basis the entire world movement could debate what is correct or incorrect and thereby liquidate this extremely harmful process of lining up the movement according to the national interests of either China or the USSR. Our Communist Labor Party, a small but principled party, calls upon the leading Parties to take such a step before it is too late.

### *The Developing Countries*

The entire progressive world congratulates the USSR on especially their progressive role in southern Africa. We were happy to register a sharp differentiation between the policies of the Soviets in the Congo and Angola. No one can deny

that the Khrushchov grouping sacrificed the heroic Congolese for political agreements with the USNA. At that time Khrushchov's doctrine that world peace depended upon agreement with the USNA, his treacherous "peace above all" policy, was the cover for history's greatest revolutionary betrayal. This policy earned the Soviets the contempt of all revolutionaries. In Angola, however, a different line was followed. Departing from Khrushchov's conception of detente, Brezhnev has followed a course that detente was strictly interstate relations and was a form of the class struggle. Very well. Now, why the shift in emphasis? One thing for certain, that if the Soviets had not followed a more revolutionary path in southern Africa every African state would have placed them in the same treacherous bag as they have placed the Teng grouping in China. During the days of the destruction of the Congolese revolution, there was little but Guinea and Ghana in a position to struggle. Today the African revolution has reached gigantic proportions and is in an international position to deal with those who betray them.

There was no gibberish in this report about the Third World. This was a necessary ideological concession to the realities of the growing struggle against neocolonialism. The report however does not clarify the situation with the developing countries. While moving away from the Khrushchov formula of "the liquidation of colonialism," Brezhnev reformulated the statement as, "... countries that have liberated themselves from colonial dependence . . ."

The argument that we had with the Khrushchov group we will present again.

1) Every exploitative system in history has had an imperialism that corresponds to its exploitative form. Roman imperialism, feudal imperialism, mercantile imperialism all were specifics that corresponded to the salient aspects of the system of exploitation.

2) The replacement of feudal imperialism by mercantile imperialism did not end imperialism, it only changed its form to conform with shifting of the economy of the imperialist country from agriculture to manufacturing and finally to industry. Such mercantile imperialism be it under manufacturing or industrial production demanded a



protected source of raw materials and a protected market; hence the continuation of the system of direct colonies.

Lenin's *Imperialism* outlined how the financier became the dominating aspect of financial capitalism, and for many years was forced to operate within the confines of the direct colony. The financier that operated within the multinational imperialist state could not help but break out of these confines in order to operate on a world-wide basis. This was the inevitable result of the gigantic growth of money. There was too much money at the disposal of the financial capitalist to be invested in separated spheres of influence. The consolidation of an internationalized financial bourgeoisie was inevitable. The direct colony was a fetter on the development of transnational capital, hence it had to go. Only the form of imperialism changed. The neocolony corresponds to transnational capital.

3) Lenin was correct in his projection that politics is a concentrated expression of economics. Therefore political changes are bound to be a reflection of ongoing economic changes.

It is hardly Marxism to indicate a political change without pointing out the economic base of that change. It is simply untrue to state that either the neocolony or the semicolony have liberated themselves from dependence.

As regards the semicolony, those nations where the national bourgeoisie has seized political control, it is absolutely correct to defend and assist them in their struggle against the economics of imperialism. However, the development of the state sector of the economy will not give them socialism as Khrushchov indicated with his theory of the non-capitalist path of development; an anti-dialectical concept that laid the basis for the wide-spread acceptance of the third world concepts.

It is true that Lenin spoke of the non-capitalist path of development. He was referring to the development of areas with pre-capitalist formations within the Tsarist empire. Once the dictatorship of the proletariat was established in the more advanced countries, Russia, Ukraine, Byelorussia, etc., the precapitalist border regions were guided into socialism, skipping the capitalist stage.

To transform this specific of history into a theory that a

colony in the modern world, which is within the orbit of capitalism, can adopt a non-capitalist path is absurd. This is especially absurd when it is projected that the non-capitalist path is also non-socialist and the colony is not protected by a very large and powerful socialist state at its border.

Although Brezhnev does not explicitly use this Khrushchov formula, he states that there are developing nations that follow the capitalist path, indicating that there are developing nations that do not follow the capitalist path.

Twist and turn as they may, objective reality demands acceptance of Stalin's position that the colonies cannot be free without the overthrow of all capital—foreign and domestic. This is a thesis proven by 70 years of struggle.

### *The Question of Peace*

Any sane person will support the call to work for the termination of the arms race and for the reduction of the arms stockpile. We will not and have not shirked from the responsibility of putting political pressure on the leaders of the USNA in the cause of peace. Up to this point we are not in disagreement with the report. However to ascribe the war danger or the armaments race to some mean people is to vulgarize Marxism. Of course there is a section of the capitalist class that grossly wants war and we should struggle against them. However, this little clique of warmongers are neither the source of, nor the main danger of a new war. On the one hand there is an objective impulse toward war under capitalism since armaments are the safest and most profitable investment for big capital. The major capitalists cannot help but create the political conditions to develop the arms industry. The objective drive towards the arms race and war is rooted in commodity production—that is, the need for the capitalist to sell. This is an objective law of capitalism and an appeal to the sensibility of the capitalist is whistling in the dark. The projection that the imperialists would use money saved from the arms race to raise the standard of living of the workers is so far removed from Marxism as not to deserve comment. If we have a ruling class who will not invest in the most profitable sector of the economy and

will instead use that money to raise the standard of living of the masses, who needs socialism. Any observer knows that the welfare state, war and the destruction of weaker peoples are only flip sides of the same coin.

We need to state our position on the politics of peace—in contradistinction to the position of Brezhnev.

Our Party upholds the concept that modern war is the attempt to achieve political goals by violent means. This simply means that when political aims are unachievable by peaceful means, either these aims must be set aside or they must be achieved through violence. This position is an historic truth. The question is: Are the goals of the USSR and the USNA the same? Of course they are not. Further, the Soviet Union does not and cannot have political goals that can be transformed into violence except in the suppression of the counter-revolution within the Socialist camp. Both Hungary and Czechoslovakia were such instances.

This is hardly the situation of world imperialism. The objective position of the USSR is such as to constantly frustrate the aims of USNA imperialism since the aims of the two states are contradictory. This is obvious since the fundamental aim of world imperialism is to recapture the Soviet Union. While we fight for peace, it is clear to us that the world communist movement must prepare for the eventuality that the imperialist states will resort to violence.

Further, as far as the USNA is concerned cold war or detente does not represent a change in goals. The Korean War was carried on under the conditions of the cold war while the war against Viet Nam was carried out under conditions of detente. At best these policies simply represent the special needs of the different capitalists, on the one hand, the productive capitalists, on the other hand, the financial capitalists.

Our point is a simple one. We cannot win the fight for peace if we fight only on the subjective level, that is, by appeals to reason or even by hard political struggles to frustrate the war makers. Our Party proposes that the communist movement frankly state that the number one goal of the revolution is Peace. Every proletarian revolution from the Paris Commune onward had such a goal. Certainly this is true for the Soviet and Chinese revolutions. Above all,

while the communist is not terrified by the threat of war we absolutely reject the contention that we should not fear war since half the human race would survive. With two billion people dead and the bulk of the productive forces destroyed, to speak of socialism is to display a most profound ignorance of the laws of socialism, let alone communist morality.

In the final analysis the only path to peace is the revolutionary disarming of the war makers. It is a position missing throughout the report.

### *Ideological Struggle*

Since the 24th Congress of the CPSU, the entire country and especially Party and Army cadre have been undergoing some very intensive ideological education. An examination shows that this ideological campaign was begun in order to counter the "creeping counter-revolution" after the Warsaw and Prague events.

The first point of this ideological campaign was to explain the concrete changes that have and are taking place in society and life in the USSR. Now that the dust of the Khrushchov era is beginning to settle, it's important that we struggle to understand the Soviet Union as it really is rather than trying to make life fit into the abstract conception of the ideologues.

The first thing that we have to recognize is that the revisionism of Marxism that has been and is being carried out by the Brezhnev grouping is the result of concrete facts of Soviet life. This revisionism is not at all the result of the phrase mongering about Brezhnev being the handmaiden of imperialism etc. In fact, the projections of the leading circles within the CPSU are hard put to explain the continuation of social polarity. The Soviet Union is a powerful socialist state, a dictatorship of the proletariat that is not moving society forward to communism. Of course, the report states that the country has reached new frontiers in the building of the material and technical basis of communism. That has been reported by every General Secretary at every Congress since the 19th Congress. The point is that while all revolutionaries hail and support the struggle for



this technical and material basis, the demand of the times is for the class struggle to be intensified.

The general tone of the report in this respect is a call for all social strata, especially the workers, to struggle hard to build and develop the Soviet Union. In this respect it should be noted that the pay scales of the working class have increased 20% with no increase in the price of living. This is a very admirable achievement and should be popularized among the workers of the capitalist countries. However, the even more rapidly rising living standards of the elite would suggest that the call for the workers to work harder and more efficiently to build the Soviet motherland is at least in part motivated by the firm knowledge that a bigger pie means bigger shares for themselves.

It is important for us to return to the basics in order to be consistent. Marxism holds that ideology is the result of the division of labor. This division of labor is responsible for the basic polarity within class society. Marxism concludes that under communism, because the division of labor is done away with, there can be no ideology. However, it is clear that the leading ideologues of the Soviets are sniffing at the tail of the French liquidationists when they declare that there is a permanence of ideology, that it is an essential element of all societies. Of course these ideologues also declare that the division of labor intensifies and deepens under communism. Is it not a fundamental Marxist principle that the division of labor leads to classes, class interests and class domination and hence to ideology?

This is the crux of the problem. How to get around the facts of Soviet life. This is how revisionism arises. We have been held back for a long time because we were only able to deal with the general. Now we have to deal with the specific. The first point is that when something changes it has to be explained one way or the other. If it's explained on the basis of Marxism, well and good. If it uses the verbiage and forms of Marxism in order to attack Marxism, we call it revisionism. This is why we point out that the revisionism in the USSR is an attempt to explain the concrete conditions of that society.

Every stage of development of society brought about both Marxism and revisionism. For example the granting, in

Germany, of the ballot to the people brought about a definite form of revisionism. The development of imperialism and the subsequent bribery of a section of the working class brought about another form of revisionism. Revisionism is an attempt to explain concrete changes in an anti-Marxist way.

One can easily see that if we accept polarity (division of labor) as a permanent feature of society even under communism, then that explains the existence of a working class, no matter how well off they are, and the existence of a social elite. The idea of the state of the whole people very well explains why I go to work each morning and every day in the week you can drive a different sports car (including your Cadillac) to a different dacha.

However, since the position of the elite is based on the social structure of socialism, this revisionism arises out of the specifics of Soviet socialism and Soviet socialism must be defended. Despite the contradictory concept of the state of the whole people, that state is forced to use quite a bit of violence against members of especially the cultural intelligentsia who in one way or another attack that social formation. Consequently, it appears as if the elite is defending socialism, but their aim is to defend themselves.

Finally, it's quite convenient to substitute the ideological battle for the class struggle. The class struggle would attack the division of labor and the subsequent polarity, while the ideological battle remains in the realm of ideas. However, the overwhelming part of the population in the USSR receives some sort of Marxist education and they are thinking, self-sacrificing peoples. They recognize how much of the world's peoples respect them and look to them for leadership. We don't want the Soviets to go backward. We want them to go forward. It's only through the revolutionary attack against the existing division of labor and all that flows from and rests upon it that the "muck of ages" can be gotten rid of and communist man be developed.

By and large, the report to the 25th Congress indicated a certain shift to the left on the part of the leadership of the Soviet Union. We should have learned our lesson well by this time and be prepared for a dramatic return to militancy on the part of the CPUSA. It is again a question of

Moscow sneezes and the CP catches pneumonia. This is the main reason for this analysis. Inevitably we will find ourselves in struggles and campaigns alongside of a rejuvenated CP. If we haven't mastered our line, we are bound to become pulled in their direction because of their greater strength and connections. Above all, this leftward motion on the part of the CPSU demands that we all acquire a self-sufficiency in Marxism-Leninism. Without this there is no hope of our Party continuing to find its way in an increasingly complex national and international situation. Under such conditions we would lose our independence and inevitably fall under the hegemony of a state whose primary interest is other than the motion of the international proletariat.

# Appendix II: The Soviet Economy, 1960-80—Performance and Plans

Index	Seventh FYP	Eighth FYP	Ninth FYP		Tenth FYP
	1965/actual (1960 = 100)	1970/actual (1965 = 100)	1975/plan (1970 = 100)	1975/actual (1970 = 100)	1980/target (1975 = 100)
National income utilized	132	141	138.6	128	124-28
Civilian employment, all	113	110	n.a.	(108)	(108)
Workers and employees, all	124	117	112	113	n.a.
Fixed capital stock	157	144	n.a.	144	n.a.
Fixed capital stock ("productive" only)	159	148	n.a.	150	n.a.
Energy consumed (calories)	132	125	n.a.	119	n.a.
Investment, gross fixed	145	143	141.6	142	124-26
Industry:					
Gross output, all branches	151	150	147	143	135-39
Gross output, Group "A"	159	151	146.3	145	138-42
Gross output, Group "B"	136	150	148.6	137	130-32
Ingot steel produced	139	127	126	122	113-21
Electricity produced	174	146	144	139	130-34
Fixed capital stock ("productive" only)	168	152	n.a.	147	140
Workers and employees	121	115	106	107	102-04
Electricity consumed in industry	169	140	n.a.	134	n.a.
Capital/person employed	139	132	n.a.	137	137
Output/capital	89	99	n.a.	97	96-99
Labor productivity	125	132	139	134	130-34
Agriculture:					
Gross value of output	112	121	123	113	114-17
Grain output	107	129	116	108	118-21
Agricultural labor force	99	95	n.a.	n.a.	n.a.
Average money wage or salary	120	126	122.4	120	116-18
Real income per capita	119	133	130.8	124	120-22
Retail sales, state and cooperative, in current rubles	133	148	141.8	136	127-29

Source: *Problems of Communism*, "The Brezhnev Era: An Economy at Middle Age," February, 1976



### Appendix III: Changes in Average Wages and in Pensions in the USSR, 1965-73

Group	1965	1973	Increase
	(in rubles)		(in %)
Employees of the state apparatus	106	126	19
Industrial engineering-technical personnel	148	185	25
Education and culture employees	94	121	29
Trade and service employees	75	102	36
Industrial white collar workers	86	119	38
Industrial workers	102	146	43
State-farm workers	72	116	61
Collective farmers	49	87	78
All workers and employees (excluding collective farmers)	97	135	39
	(billions of rubles)		(in %)
Total budgetary expenditures on pensions	101	184	82

Source: *Problems of Communism*, "The Brezhnev Era: An Economy at Middle Age," February, 1976

### Appendix IV: Changes in Soviet Diet, 1958-73

(annual per capita consumption in kilograms)

Foodstuff	1958	1964	1973
Meat	36	38	53
Milk and dairy products	238	238	307
Eggs (units, not kilograms)	108	113	195
Vegetables	71	74	85
Potatoes	150	140	124
Grain products	172	159	143

Source: *Problems of Communism*, "The Brezhnev Era: An Economy at Middle Age," February, 1976

**Appendix V: Major Socialist Imports of Western  
Equipment Embodying Advanced Technology,  
1968-1970**

IMPORTING SOCIALIST COUNTRY	DESCRIPTION AND SOURCE OF THE IMPORT
Bulgaria	Cold-rolled steel mill (Fr); fertilizer producing complex (UK); airborne communications equipment for navigation (US).
Czechoslovakia	Urea plant (FRG and Ne); plant for the manufacture of epichlorohydrin (Ne); spectromatic equipment (Swi); equipment for the production of sanitary pipeware (UK); paraxylene plant (UK).
GDR	Radiation analyser system (Swi); high density polythene plant (UK); polycondensation and spinning plant (UK); synthetic rubber plant (UK); terephthalic acid plant (UK); electron accelerator (US).
Hungary	Special-purpose paper mill (Fi); ring-twisting machines and double-twisting frames (Swi); instrumentation for a superphosphate ammonizing plant (UK); tin and aluminum plate printing and lacquering lines (UK).
Poland	Automatic electroplating plant (UK); glass-fibre plant (UK); matrix precision machine tools (UK); marine automation installations (UK); polythene plant (UK); stainless steel blade manufacturing equipment (UK); power presses and automation equipment for automotive industry (UK).
Romania	Industrial complex for the manufacture of refrigerators (Fr); acid anhydride plant (FRG); carbon electrode extrusion equipment (UK); ethylene carbonate recovery plant (UK); irrigation equipment (UK); nuclear reactor and fuels (UK); plant for the manufacture of fuel-injection equipment (UK).

## USSR

Automated splint board finishing equipment (FRG); brake-lining plant (FRG); iron-ore pelletizing plant (Jap); plant for the manufacture of air, oil and ventilator filters (Jap); butadiene production complex (Jap and US); automatic telephone equipment (Swe); complete transfer lines for manufacturing vehicle engine components (UK); electrolytic tinfoil plant (UK); polyester film plant (UK); polyester film plant (UK); polythene plants (UK); gear manufacturing equipment (US).

## Yugoslavia

Polyester fibre plant (FRG); voice frequency terminal equipment for telecommunications (Swe); aircraft hydraulic equipment (UK); fertilizer plant (UK); hot-strip rolling-mill equipment (UK).

FI = Finland, Fr = France, FRG = the Federal Republic of Germany, Jap = Japan, Ne = Netherlands, Swe = Sweden, Swi = Switzerland, UK = United Kingdom, US = the United States.

Source: Wilczynski, J., *Socialist Economic Development and Reforms*, Praeger, 1972.

**Appendix VI: Average Annual Rates of Growth of Production  
According to the Main Branches of Industry in the  
CMEA Countries, 1951-1967\***

INDUSTRY	1951-55	1956-60	1961-65	1966-67	1951-1967
Metals and machine-building	17.3	14.4	11.8	11.8	14.2
Chemicals	17.0	11.8	13.0	11.8	13.7
Food processing	9.9	7.7	6.3	6.3	7.9
Industry as a whole	13.6	10.1	8.3	8.9	10.5
National income	10.7	8.3	6.1	7.5	8.2

\* The countries included are: Bulgaria, Czechoslovakia, the GDR, Hungary, Mongolia, Poland, Romania and the USSR. The figures are based on official national statistics.

Source: Wilczynski, J., *Socialist Economic Development and Reforms*, Praeger, 1972.

Appendix VII: Rates of Growth of Industrial Output,\*  
1951-1969

	BULGARIA	CZECHOSLOVAKIA	GDR†	HUNGARY	POLAND	ROMANIA	USSR	YUGOSLAVIA
1951	19	14	23	24	22	24	16	-7
1952	16	18	16	21	19	17	12	-2
1953	15	9	12	12	17	15	12	13
1954	11	4	10	2	11	6	13	15
1955	8	11	8	9	11	14	12	15
1956	15	9	6	-8	9	11	11	9
1957	16	10	8	16	10	8	10	17
1958	15	11	11	11	10	10	10	11
1959	20	11	12	10	9	10	11	13
1960	12	12	8	12	11	16	10	15
1961	11	9	6	10	10	15	9	7
1962	10	6	6	8	8	14	10	7
1963	10	-1	4	7	5	12	8	16
1964	10	4	6	9	9	14	7	16
1965	15	8	6	5	9	13	9	8
1966	12	7	6	7	7	11	9	5
1967	13	7	7	9	8	14	10	0
1968	12	5	7	5	9	12	8	6
1969	11	5	8	3	9	11	7	11
1951-69	13	7	9	7	9	13	10	9

\*Official rates at current prices. The comparability of the figures between different years and particularly between different countries is limited.

†At current prices.

Source: Wilczynski, J., *Socialist Economic Development and Reforms*, Praeger, 1972.



**Appendix VIII: Extensions of Economic Aid to Less Developed Countries, By Country, 1954-72**  
(in millions of U.S. dollars)

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	1954-72	1954-64	1965	1966	1967	1968	1969	1970	1971	1972
Total	8,196	3,794	416	1,244	269	374	462	194	862	581
Africa	1,236	744	28	77	9		135	51	192	
Algeria	421	231		1					189	
Ethiopia	102	102								
Ghana	89	89								
Guinea	165	70		3			92			
Kenya	44	44								
Mali	56	55					1			
Morocco	88			44				44		
Sierra Leone	28		28							
Somalia	66	57		9						
Sudan	64	22					42			
Tanzania	20			20						
Tunisia	34	34								
Other	59	40			9		3	7	3	
Southeast Asia	154	147	3	4						
Burma	14	14								
Cambodia	25	21		4						
Indonesia	115	112	3							

South America	445	30	15	85	55	2	20	56	38	144
Argentina	45	30	15							
Bolivia	30							28	2	
Brazil	85			85						
Chile	235				55				36	144
Peru	28							28		
Other	22					2	20			
Middle East	3,336	1,429	84	422	200	178	287	76	418	242
Egypt	1,198	1,002							196	
Greece	84		84							
Iran	562	41		289		178		54		
Iraq	549	184					121	22	222	
Syria	317	100		133						84
Turkey	534	10			200		166			158
Yemen	92	92								
South Asia	3,025	1,444	286	656	5	194	20	11	214	195
Afghanistan	826	553	11	1	5	127		3	5	121
Bangladesh	74									74
India	1,593	797	225	571						
Nepal	20	20								
Pakistan	474	44	50	84		67	20		209	
Sri Lanka	38	30						8		

Source: *Soviet Economic Prospects for the Seventies*, Joint Economic Committee, Congress of the United States, US GPO 1973

### Appendix IX: Political Participation in the USSR, 1954-76

Group	1954-55	% increase	1963-64	% increase	1975-76
		1954-63		1963-76	
Adult population	120,751,000	16	140,000,000	17	163,510,389
Party members and candidates	6,864,864	51	10,387,196	51	15,694,000
Deputies to local soviets	1,536,310	27	1,958,565	13	2,210,932
Trade union members	40,240,000	60	68,175,600	57	107,000,000
Komsomol members	18,825,324	17	22,000,000	59	35,000,000
"Controllers"	apparently 0	—	4,300,000	118	9,370,000
Activists in "independent organizations"	?	—	20,000,000	55	31,000,000
People's auxiliary policemen ( <i>druzhinniki</i> )	0	—	5,500,000	27	7,000,000

Source: Karpinsky, V., *The Social and State Structure of the U.S.S.R.*, Foreign Languages Publishing House, 1951.

**Appendix X: Worldwide NATO and Warsaw Pact  
Military Manpower in 1974**

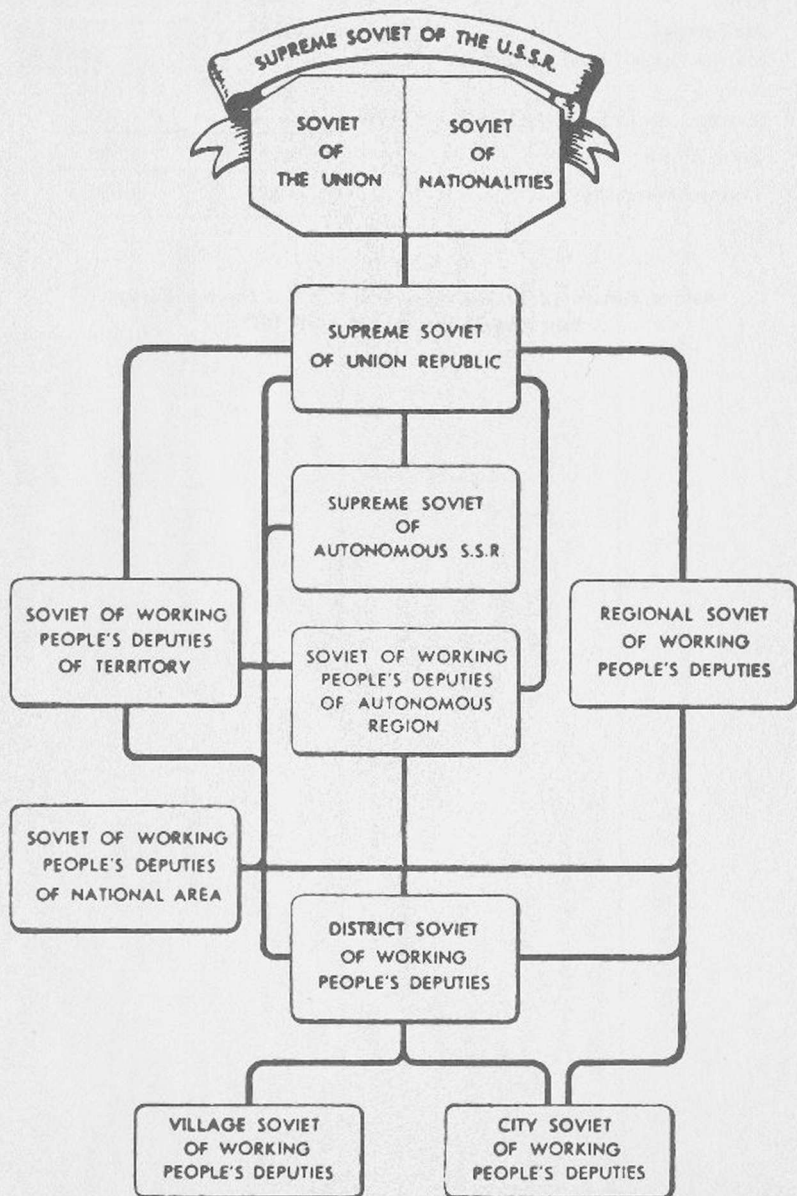
	(thousands)	
	<i>NATO</i>	<i>Warsaw Pact</i>
Army	2,815	2,626
Air Force	1,166	937
Marine Corps/Naval Infantry	212	18
Navy	894	518
Strategic Air Defense (NORAD & PVO)	45	500
Total Active	<hr/> 5,132	<hr/> 4,599
Trained Reservists	5,295	5,093

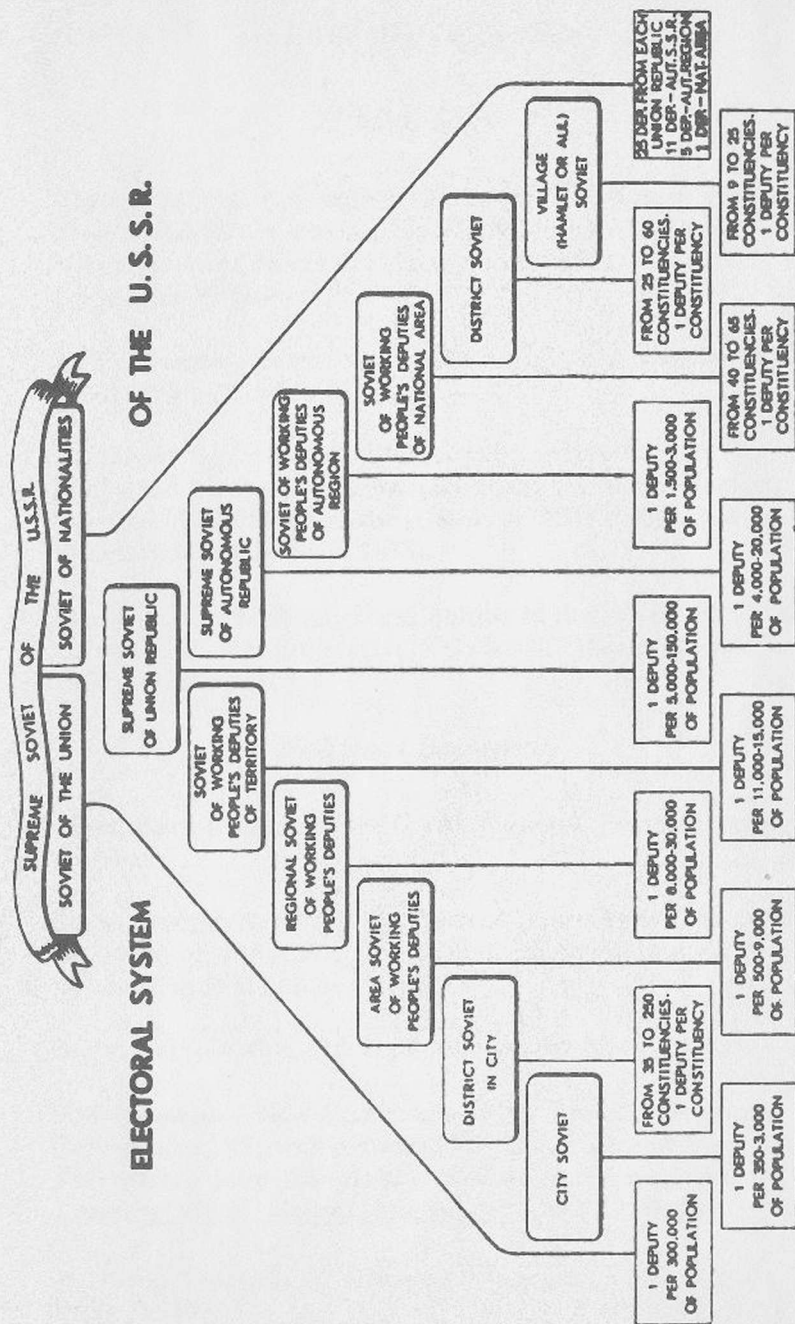
**Source:** *Foreign Affairs*, Enthoven, Alain C., "U.S. Forces in Europe:  
How Many? Doing What?" April, 1975.

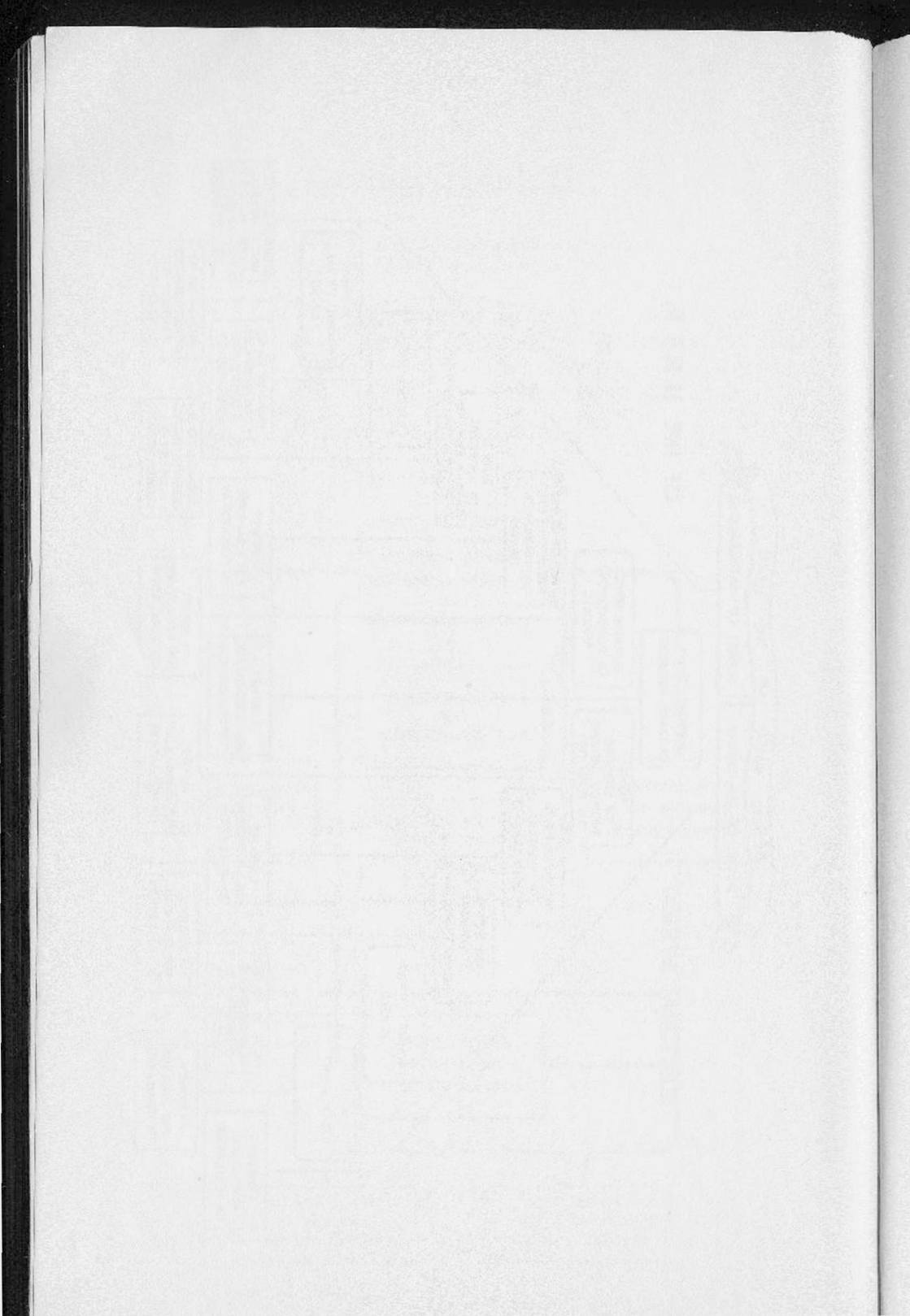


## Appendix XI: Soviet State Structure

Source: Karpinsky, V., *The Social and State Structure of the U.S.S.R.*  
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